DOCTORATE of BUSINESS ADMINISTRATION

WEI SUN

Research on the Influencing Factors of Successful Inheritance of Family Enterprises in China

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Abstract

Family businesses represent a substantial segment of the global economy, characterized by unique management dynamics and succession challenges. Understanding the mechanisms of successful succession is critical as these enterprises transition between generations, which is often a vulnerable period that can determine the future viability of the business. This research aims to dissect the complex factors influencing succession planning in family businesses, employing SPSS26 to ensure robust data analysis, thus providing empirical insights into the interplay between personal, organizational, and environmental factors that shape succession outcomes.

This study employs SPSS26 to perform a comprehensive analysis of factors influencing succession in family enterprises, analyzing the kurtosis, skewness, reliability, and validity of the data to confirm the questionnaire's efficacy. Through exploratory and confirmatory factor analysis, followed by correlation analysis and ANOVA, the research categorizes influential factors into incumbent factors, successor factors, interpersonal relationships, organizational strategies, and environmental influences.

The empirical findings from 141 valid questionnaires reveal that incumbent factors, particularly personality and willingness to transition, have varying impacts across different stages of the business lifecycle, with significant influences noted as businesses mature. Successor factors, including readiness and competence, are critical for effective succession, emphasizing the need for alignment with the business's strategic goals during transitional phases. Furthermore, the strength and transparency of interpersonal relationships between incumbents and successors are vital for facilitating successful knowledge transfer and succession readiness.

Organizational strategies that integrate succession planning within the broader business framework prove crucial for continuity, highlighting the importance of strategic alignment with business development. Environmental factors, such as cultural, socio-ethical, and legal contexts, also significantly impact succession outcomes, necessitating culturally sensitive approaches to succession planning.

Overall, the study underscores the complex, multifaceted nature of family business succession and advocates for a holistic approach that encompasses not only individual and organizational readiness but also considers the broader environmental context to ensure long-term sustainability and success across generations. This research contributes valuable insights into the dynamics of family business succession, offering a strategic framework applicable to both academics and practitioners involved in organizational development and family business management.

Key words: Family Business Succession, Interpersonal Relationships, Organizational Strategies, Factor Analysis

RÉSUMÉ

Les entreprises familiales constituent une part substantielle de l'économie mondiale, caractérisées par des dynamiques de gestion uniques et des défis successoraux particuliers. Comprendre les mécanismes d'une succession réussie est crucial lorsque ces entreprises effectuent leur transition générationnelle - période souvent critique qui peut déterminer leur viabilité future. Cette recherche vise à analyser les facteurs complexes influençant la planification successorale dans les entreprises familiales, en utilisant SPSS26 pour assurer une analyse rigoureuse des données, fournissant ainsi des insights empiriques sur l'interaction entre facteurs personnels, organisationnels et environnementaux qui façonnent les issues successorales.

Cette étude utilise SPSS26 pour réaliser une analyse complète des facteurs influençant la succession dans les entreprises familiales, examinant l'aplatissement (kurtosis), l'asymétrie (skewness), la fiabilité et la validité des données pour confirmer l'efficacité du questionnaire. Par le biais d'analyses factorielles exploratoires et confirmatoires, suivies d'analyses de corrélation et d'ANOVA, la recherche catégorise les facteurs influents en : facteurs liés au dirigeant sortant, facteurs liés au successeur, relations interpersonnelles, stratégies organisationnelles et influences environnementales.

Les résultats empiriques provenant de 141 questionnaires valides révèlent que les facteurs liés au dirigeant sortant, particulièrement sa personnalité et sa volonté de transition, ont des impacts variables selon les différentes étapes du cycle de vie de l'entreprise, avec des influences significatives observées lorsque les entreprises atteignent leur maturité. Les facteurs liés au successeur, notamment sa préparation et ses compétences, sont essentiels pour une succession efficace, soulignant la nécessité d'un alignement avec les objectifs stratégiques de l'entreprise durant les phases transitionnelles. De plus, la solidité et la transparence des relations interpersonnelles entre dirigeants sortants et successeurs sont cruciales pour faciliter un transfert de connaissances réussi et une préparation adéquate à la succession.

Les stratégies organisationnelles intégrant la planification successorale dans le cadre plus large de l'entreprise s'avèrent déterminantes pour la continuité, mettant en lumière l'importance d'un alignement stratégique avec le développement de l'entreprise. Les facteurs environnementaux, comme les contextes culturel, socio-éthique et juridique, impactent également significativement les résultats des successions, nécessitant des approches culturellement adaptées de planification successorale.

Globalement, l'étude souligne la nature complexe et multidimensionnelle de la succession dans les entreprises familiales et préconise une approche holistique englobant non seulement la préparation individuelle et organisationnelle, mais considérant également le contexte environnemental plus large pour assurer une durabilité à long terme et un succès transgénérationnel. Cette recherche apporte des contributions précieuses à la compréhension des dynamiques de succession des entreprises familiales, offrant un cadre stratégique applicable tant aux universitaires qu'aux praticiens impliqués dans le développement organisationnel et la gestion des entreprises familiales.

Mots-clés : Succession dans les entreprises familiales, Relations interpersonnelles, Stratégies organisationnelles, Analyse factorielle

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1.Introduction

1.1 Background of the study

Family businesses are a common form of business organization worldwide. The family business, which began in the 18th century during the Industrial Revolution in Britain, has developed continuously over the course of more than 200 years of history. Britain, which accounted for 2% of the world's population in the middle of the 19th century, had about half of the world's industrial capacity, and the mainstay of the industry was the small- and medium-sized textile mills, grist mills, coal mines, and iron-smelting factories owned by families in the villages and cities all over the countryside and cities of the United Kingdom. With the emergence and continuous development of family businesses in various countries in the world, including the United States, their position in the world economy has become increasingly prominent. According to recent research by Neubauer and Lank (2016), family businesses play a vital role in today's industrialized countries, particularly in Europe. Their book on the governance of family businesses for sustainability highlights that a significant portion of registered companies in these nations are family-owned enterprises. Neubauer and Lank emphasize that family businesses constitute approximately three-quarters of the total number of registered companies, indicating their substantial presence in the business landscape. Moreover, they note that some of these family businesses have achieved significant scale, underscoring their importance and impact on the economy. Recent research has moved beyond scale to focus on the internal mechanisms that drive sustainability and succession in family firms.

For instance, De Massis and Foss (2020) argue that microfoundations—such as routines, values, and emotions—must be examined to understand how family businesses manage complexity and continuity.Furthermore, Cater et al. (2021) emphasize that the process of selecting successors and preserving socioemotional wealth is central to long-term strategic renewal in family enterprises.According to Birdthistle and Hales (2023), a significant portion of global GDP is contributed by family-owned firms, highlighting the importance of these firms in global economic activity. In the global economy following the COVID-19 pandemic, family-owned multinational enterprises exhibited different patterns of international behavior, and the epidemic had an uneven impact on firms across the globe (Calabro et al., 2022). In Germany, family-owned firms performed somewhat differently during the epidemic compared to non-family-owned firms, demonstrating their resilience and ability to cope in a crisis (Eckey and Memmel, 2023). Family businesses have shown strong adaptability during global crises. For instance, Faghfouri et al. (2023) found that German family firms leveraged dynamic capabilities to accelerate digital transformation during the COVID-19 pandemic, allowing them to outperform many non-family firms in agility and crisis response. This resilience is largely attributed to long-term orientation and centralized decision-making commonly found in family ownership structures.In China, for example, private enterprise has grown rapidly since the reform and opening of the country and has become an important factor in China's economic development. According to a report by Global Family Business Research Center, as of the first quarter of 2023, China's private economy accounts for more than 90% of the total number of market players. Private companies account for more than 60% of China's listed companies, with family-owned companies accounting for more than 80% of the total. Jiangsu is one of the most active provinces in China's private economy, with 671 companies listed on the Chinese mainland as of the first quarter of 2023, of which more than 80% were privately owned.

According to the PricewaterhouseCoopers (PwC) Family Business Survey 2021 conducted in the Asia-Pacific region, the average lifespan of a family business globally is just 24 years. Furthermore, the survey found that only around 30% of family businesses transition to the second generation, less than 13% to the third generation, and a mere 5% manage to continue creating value for shareholders after three generations (PricewaterhouseCoopers, 2021).Only about 30% of family businesses can reach the second generation, and the number of family businesses reaching the third generation is less than 13% of the total, while only 5% of family businesses can still create value for shareholders after three generations. Daspit et al. (2021) further suggest that these outcomes often stem from strategic misalignment and a lack of structured succession planning. Their research underscores the importance of adopting a strategic management lens when analyzing succession issues, especially in fast-changing economies.In China, there is also the saying that "the rich can't be rich for three generations", and the life span and development of family enterprises have aroused widespread concern in the society.

The arrival of the new economic era has brought serious challenges to Chinese enterprises. Faced with increasing market competition and changes in the economic system, enterprises need to accelerate their adaptation to this era of information and knowledge. Similarly, family enterprises, as an important part of China's economic system, should be even more so. In fact, most of the family businesses in Jiangsu are facing the upcoming peak of inheritance. Whether or not the successful completion of the family business heritage is not only the family's internal affairs, but also related to the interests of the enterprise and the interests of investors.

Since the emergence of family firms as a subject of scholarly inquiry, researchers have grappled with the primary challenge of defining family businesses (De Massis et al., 2018). Theoretically, diverse perceptions exist regarding the definition of family business, leading to considerable controversy among scholars' perspectives (Zellweger et al., 2012a). Additionally, there is another significant debate concerning whether small and medium-sized enterprises (SMEs) are merely scaled-down versions of large corporations or if they possess unique characteristics of their own (Zahra et al., 2014). In the development process of family business research, scholars have defined family business mainly from the perspective of ownership of enterprise capital, the perspective of business control, the dual perspective of business operation and ownership, and the perspective of family culture. Although there are different research perspectives on family business, in the definition of many scholars, most scholars recognize the definition of family business from the dual perspective of ownership and management of family business.

Since the establishment of family business as a distinct research domain, succession has emerged as a pivotal concern for scholars (Daspit et al., 2024). Research related to this topic has continued to evolve. According to recent scholarship, approximately 20% of the literature on family business research focuses on succession issues.

In the realm of family business research, the definition of succession is subject to variation, commonly referring to the transfer of leadership from one family member to another (Sirmon et al., 2007). Scholars have often subdivided "leadership" into ownership and management dimensions (Sharma et al., 2011). Recent scholarly discourse has emphasized the multidimensionality of intergenerational transmission within family businesses. It is increasingly recognized that successful succession involves preserving essential core elements while potentially sacrificing others. In addition to ownership and management, scholars argue for the inclusion of elements such as mission, values (Gomez-Mejia et al., 2011), tacit knowledge (Miller & Le Breton-Miller, 2010), network and social capital (Astrachan & Shanker, 2003), and spirit of innovation (Kellermanns & Eddleston, 2006) in the succession process. Although a unified standard remains elusive in contemporary family business research, scholars widely concur that succession involves a multidimensional and long-term systemic process beyond mere transfer of ownership and management rights.

At present, the research on the inheritance of family enterprises mainly focuses on the research on the inheritance effect of family enterprises, the inheritance process, and the in-depth research on each elemental variable. For the research on the inheritance effect of family enterprises, Sharma (2003) proposed a two-dimensional evaluation theoretical model of inheritance results, which measures the inheritance in two dimensions: the satisfaction of the inheritance process and the difference in performance before and after the inheritance. For the study of "inheritance process theory", since Longenecker and Schoen (1978) first put forward the viewpoint of "intergenerational inheritance of family business is a long-term socialization process", the intergenerational inheritance process view of family business has been widely recognized by scholars. It is widely recognized by scholars that the intergenerational transmission of family business is a long-term multi-stage evolutionary process influenced by multiple factors, and the key success factors may be different at different stages (Dou, 2008). Therefore, the extraction of core influencing factors of family business inheritance at different stages is of great significance to the theory of intergenerational family business inheritance.

In the field of enterprise research, most scholars cite the enterprise life cycle theory for the division of enterprises at different stages. The enterprise life cycle theory is an internationally popular management theory since the 1990s, which centers on the study of enterprise growth stage model. Many scholars have examined and researched the enterprise life cycle theory from different perspectives and have come up with some inspiring conclusions. The core idea of this theory is that enterprises, like biological organisms, have a process from birth to death and from prosperity to decline. The most influential in the life cycle theory is Adizes (2004), in his book " Managing corporate lifecycles ", the enterprise growth process is divided into three stages: growth stage, regeneration and maturity stage, aging stage. Although after decades of theoretical development, his research results are still important guidance for the stage division of enterprises. However, such strategies do not exist in a cultural vacuum. Yu, Pan, and Zhang (2022) found that Confucian values such as filial piety and hierarchical obedience significantly shape succession intent in Chinese family firms. Thus, cultural embeddedness must be considered alongside firm-level dynamics.

The debate regarding whether SMEs are merely smaller versions of large corporations or possess distinct characteristics is longstanding and multifaceted. Some scholars argue that SMEs exhibit unique traits that differentiate them from large corporations, such as agility, flexibility, and a focus on innovation and customer relations (Zahra et al., 2014). These characteristics enable SMEs to navigate dynamic environments and capitalize on entrepreneurial opportunities more effectively than larger counterparts. On the other hand, proponents of the "scaled-down version" perspective suggest that while SMEs may exhibit certain distinctive features, they ultimately operate within similar structural and strategic constraints as large corporations (Helfat & Martin, 2015). Factors such as limited resources, regulatory challenges, and market competition can shape SME behavior in ways that mirror larger organizations. Moreover, the context of family ownership and management can further complicate the debate. Research suggests that family firms, including SMEs, often prioritize long-term sustainability and stewardship over short-term profits, leading to unique strategic orientations and decision-making processes (Kellermanns & Eddleston, 2017). In summary, while the debate continues, it is increasingly recognized that SMEs possess a blend of unique characteristics and commonalities with large corporations. Understanding these nuances is crucial for policymakers, researchers, and practitioners seeking to support SME development and foster entrepreneurship.

The study of intergenerational inheritance of family business has profound theoretical and practical significance to both theoretical and social practice fields. Combined with the enterprise life cycle theory, it can be found that intergenerational inheritance is a multi-stage evolutionary process influenced by multiple elements, and the key success factors are different at different stages (Dou, 2008).

Therefore, this thesis will propose a theoretical research framework based on previous research results, combined with the Chinese social background and the current situation of intergenerational inheritance of family firms in Jiangsu Province. Through the research on the intergenerational inheritance of family enterprises in Jiangsu Province, a quantitative research method is adopted to dig deeper into the core influencing factors of successful inheritance of family enterprises at different stages.

The focus of this study consists of the following three parts.

To determine more accurately the succession factors affecting family businesses, this thesis will use questionnaire research and quantitative research. The successful inheritance variables are constructed through the determination of the definition and measurement dimensions of successful inheritance of family enterprises, and the influencing factors of inheritance in previous research results are summarized and categorized to construct the influencing factor variables. Through the determination of the measurement dimension of each variable and the design and distribution of questionnaires based on reference to mature scales, statistical data are obtained. The related statistical software is used to analyze and finally extract the core influencing factors affecting the successful inheritance of family enterprises.

The second is to study the core influencing factors of successful inheritance of family enterprises in different life cycle stages. Since the above research, incorporating the enterprise life cycle theory, analyzing the influence factors of family enterprise inheritance summarized in the research as a control variable, and deriving the core influence factors of different life cycle stages.

Thirdly, the core influencing factors of successful inheritance of family enterprises are compared and analyzed with the determinants of enterprise development and redevelopment, and relevant conclusions are drawn.

In the Chinese family business context, the incumbent–successor relationship is the backbone of the succession process and a key determinant of its ultimate success or failure. This relationship is multi-dimensional, encompassing authority transfer, role adaptation, emotional bonds, and the gradual integration of the successor into both formal governance structures and informal decision-making circles. Unlike in many Western contexts, where succession planning is often contractual and procedural, the Chinese model is deeply embedded in cultural norms such as **filial piety (xiao)**, which emphasizes deference and loyalty to the elder generation, and **guanxi**, which reflects the network of trust and reciprocal obligations accumulated over decades.

Incumbents in Chinese family firms often perceive their leadership as both a personal legacy and a moral responsibility, leading to a cautious, staged transfer of decision-making authority. This can involve prolonged shadowing periods, selective disclosure of sensitive information, and the symbolic endorsement of the successor before key stakeholders. Successors, in turn, are expected to demonstrate competence, commitment to family values, and the ability to sustain and expand the firm's guanxi-based relationships.

The process is further complicated by the dual identity of successors, who must reconcile the role of a family member with that of a professional leader. A mismatch between incumbent expectations and successor preparedness can result in prolonged power struggles, strategic paralysis, or even the erosion of stakeholder confidence. Conversely, a well-managed incumbent–successor relationship not only ensures a smoother operational handover but also facilitates the transfer of intangible assets such as reputation, trust capital, and tacit industry knowledge.

Given these dynamics, this thesis places the incumbent–successor relationship at the center of its investigation, framing it as both a **relational and strategic variable** within the broader conceptual framework. This emphasis informs the formulation of the research questions and the choice of a mixed-methods design, ensuring that both the cultural underpinnings and the practical mechanisms of succession are captured in depth.

Through the analysis and detailed examination of pertinent research findings, conclusions are drawn, and practical recommendations are provided for family businesses grappling with inheritance challenges. In conclusion, innovations and limitations of the study are highlighted, and directions for future research are suggested.

1.2 Research questions

The research endeavors to delve into the intricate dynamics of succession planning within family businesses, a domain characterized by its complexity and significance for long-term sustainability. By scrutinizing various aspects influencing succession processes, this study aims to offer valuable insights into enhancing succession efficacy and navigating the challenges inherent in familial transitions. Through a comprehensive examination of incumbent characteristics, successor factors, interpersonal relationships, organizational strategies, and environmental influences, this research seeks to shed light on the multifaceted nature of succession within family enterprises.

1. How do incumbent characteristics influence the succession process in family businesses?
2. What role do successor factors play in shaping the outcome of succession processes?
3. How do interpersonal relationships between incumbents and successors impact succession outcomes?
4. What organizational strategies are most effective in facilitating successful succession in family businesses?
5. To what extent do environmental factors, such as cultural context and legal environment, influence succession planning and execution in family businesses?

1.3 Methodology

This research employs a mixed-method approach to comprehensively investigate the complexities surrounding succession planning in family businesses. The qualitative aspect of the study involves in-depth interviews with key stakeholders, including incumbents, successors, and other relevant family members, to gain rich insights into their perceptions, experiences, and challenges regarding succession. These interviews are designed to explore nuanced aspects of succession dynamics, such as incumbent characteristics, successor factors, interpersonal relationships, and organizational strategies, allowing for a deeper understanding of the multifaceted nature of succession within family enterprises.

Additionally, the quantitative component of the research involves surveying a sample of family businesses to collect data on various aspects related to succession planning and execution. The survey instrument is designed based on the findings from the qualitative phase and incorporates validated scales to measure variables such as incumbent characteristics, successor readiness, organizational strategies, and environmental influences. This quantitative data allows for statistical analysis to identify patterns, trends, and correlations among different variables, providing empirical evidence to support the qualitative findings and enhance the robustness of the research findings.

Overall, the mixed-method approach adopted in this study enables a holistic examination of succession planning in family businesses, combining the depth of qualitative insights with the breadth of quantitative data analysis. By triangulating findings from both qualitative interviews and quantitative surveys, this research aims to offer a comprehensive understanding of the factors influencing succession processes and provide actionable recommendations for businesses seeking to navigate succession transitions effectively.

1.4 Research significance

This study aims to make several significant contributions to the existing literature on family business succession planning. Firstly, by adopting a mixed-methods approach that combines quantitative analysis with qualitative insights, this research offers a comprehensive exploration of the factors influencing succession outcomes in family businesses. The integration of statistical analysis, interviews, and case studies allows for a multifaceted understanding of succession dynamics, filling gaps in the literature where previous studies have focused solely on either quantitative or qualitative methods.

Furthermore, the findings of this study can contribute to theoretical advancements in the field of family business succession. By testing hypotheses derived from existing literature and exploring the interplay of various factors such as incumbent characteristics, successor readiness, interpersonal relationships, organizational strategies, and environmental influences, this research seeks to refine existing theoretical frameworks and develop a more nuanced understanding of succession processes.

Practically, this study offers actionable insights and recommendations for family businesses grappling with succession challenges. By identifying key determinants of succession success and failure, as well as best practices observed in real-world case studies, this research provides guidance for family businesses seeking to navigate succession transitions effectively. Moreover, by highlighting the importance of aligning succession planning with broader strategic goals and cultural values, this study offers practical strategies for ensuring the long-term sustainability and success of family businesses across generations.

2. Literature review

2.1 Life cycle and succession in family-owned business

2.1.1 Definition of family business

It is the common vision of every entrepreneur and his or her family members to keep the family business era growing in the long run. The problem that entrepreneurs must face and solve is how to ensure successful intergenerational business succession. The inheritance cannot be achieved overnight, and only after understanding the concept of intergenerational inheritance of family business can we do a more in-depth study on successful inheritance.

The definition of family business has been the first and most immediate challenge for family business researchers ever since family business entered the researchers' field of vision. Theoretically, there are different views on the definition of family business (Arregle et al., 2021), and there is a great controversy between most scholars' views. In the development of family business research, domestic and foreign scholars mainly define family business from the following aspects.

(1) From the perspective of enterprise capital ownership

When defining a family business based on enterprise ownership, Gersick's perspective stands out as the most representative. According to Gersick, merely having the enterprise named after a family or having several relatives in top leadership positions doesn't necessarily qualify it as a family business. What truly determines its status as a family business is the family's ownership of the enterprise(Gersick, Lansberg, Desjardins, & Dunn, 1999). Family ownership and control are key criteria for defining family firms (Klein, 2000; Chrisman et al., 2012). Family ownership refers to the proportion of shares held by family members, while family control refers to the family's power to determine strategic decisions and select top managers (Villalonga & Amit, 2006; Gomez-Mejia et al., 2011). More recent studies have focused on the optimal level of family ownership for intergenerational succession. Gomez-Mejia et al. (2011) found that family firms with around 50-60% family ownership had the highest probability of successful intergenerational succession. Higher family ownership can lead to more family conflicts and reluctance to bring in professional managers, while lower ownership may weaken the family's control and commitment to the firm (Debicki et al., 2016; Bennedsen et al., 2019). Thus, around 50-60% family ownership seems to strike a balance between family control and professional management for effective intergenerational succession in family firms.

(2) From the perspective of control of business operations

Different from the perspective of the above scholars. Miller, D., Le Breton-Miller, I., & Lester, R. H.(2013) in their study *Family and Lone Founder Ownership and Strategic Behavior: Social Context, Identity, and Institutional Logics*, argued that a family business is one in which at least two generations of the same family are involved in the operation and management of the firm, and that this two-generation interface results in the interaction of the firm's policies with the family's interests and goals, and that the fulfillment of one or more of these conditions can constitute a family business. Miller et al. (2013) discuss family businesses as entities where at least two generations of the same family are involved in operations and management, underscoring the interplay between firm policies and family interests. On the other hand, Chinese literature tends to place greater emphasis on control structures and the concentration of management rights within family networks, as evidenced by the studies by Masulis et al. (2011) and Peng & Jiang (2010). This difference reflects distinct cultural and institutional contexts, shaping the conceptualization and definition of family firms in scholarly discourse.

Despite these differences, both Western and Chinese literature converge on the significance of familial continuity and intergenerational aspects of family businesses. Scholars across regions acknowledge the profound influence of family dynamics on firm behavior, strategic choices, and long-term sustainability. Whether discussing financial performance, management influence, or institutional contexts, the studies collectively enrich our understanding of family businesses, offering nuanced insights into their complexities across diverse cultural and institutional landscapes. The Western literature tends to emphasize the familial continuity and intergenerational aspects of family businesses, highlighting the influence of family dynamics on firm behavior and strategic choices. In contrast, the Chinese literature often places greater emphasis on control structures and the concentration of management rights within family networks as key indicators of family business status. These differing perspectives reflect distinct cultural and institutional contexts, shaping how scholars conceptualize and define family firms.

(3) From the dual perspective of enterprise management and ownership

Most scholars generally recognized from the enterprise's management and ownership of the dual perspective to define the family business. Chu (2004) supports Ye Yinhua's viewpoint and gives the definition in his study "Definition of Chinese Family Business" as follows: in the family business is a combination of family relationship contract and elemental contract in which family assets predominate, a state in which family members' ownership and control over the business remain possessed in a continuous distribution, and a state in which the rules of the family culture lead to the organization's behavior in different degrees of the economic organization.

(4) From the perspective of family culture

Some scholars define family business from the perspective of family culture. They believe that family culture and values have a decisive influence on the operation and management of family businesses. Family culture refers to the values, beliefs, norms, and behavior patterns formed by family members through long-term interactions and communications (Zahra, 2014). Family businesses with distinct family culture are different from non-family businesses in many aspects. Zellweger et al. (2012a) define family firms as business organizations in which noneconomic goals stemming from the influence of family are potentially important and the influence of the family is carried out through a pattern of governance that either gives family members a dominant ownership position and/or provides family members with key management positions. They emphasize the influence of family noneconomic goals and governance in family firms.

Based on the above, from the perspective of family culture family-owned business can be defined as businesses where the family's values, beliefs and behavior patterns have a significant influence on the business through family members' ownership and management, and noneconomic goals originating from the family culture also guide the business decisions and strategies.

In addition, a more important controversy is whether small and medium-sized enterprises (SMEs) are small or emerging versions of large firms, or whether they possess their own unique characteristics. Some studies have shown that SMEs differ significantly from large firms in their management structure, resource allocation and decision-making styles (Forster-Holt & Davis, 2024). This difference has led SMEs, especially family firms, to exhibit different characteristics and challenges from large firms in terms of strategic behavior, risk management, and succession planning (De Massis et al., 2015). It has been argued that the uniqueness of SMEs stems from their size, the deep influence of family culture, and a higher degree of flexibility and adaptability. Thus, while SMEs may in some ways reflect some of the characteristics of larger firms, they also have a unique set of managerial and operational patterns that are particularly important in terms of inheritance and intergenerational succession.

Table 1 Perspectives and Definitions of Family Business: A Scholarly Overview

Author/Source	**Perspective**	**Definition of Family Business**
Gersick, Lansberg, Desjardins, & Dunn (1999)	Enterprise Capital Ownership	The true hallmark of a family business is **the family's ownership of the enterprise**, not merely having the enterprise named after a family or having several relatives in top leadership positions.
Klein (2000); Chrisman et al. (2012); Villalonga & Amit (2006); Gomez-Mejia et al. (2010); Debicki et al. (2016); Bennedsen et al. (2019)		Family ownership and control are key criteria for defining family firms. Family ownership refers to **the proportion of shares held by family members**, while family control refers to the family's power to make strategic decisions and select top managers.
Miller, D., Le Breton-Miller, I., & Lester, R. H.(2019)	Control of Business Operations	A family business is **one where at least two generations of the same family are involved in the operation and management of the firm**, and this intergenerational interface results in the firm's policies interacting with the family's interests and goals.
Chen(2020)		A business is considered **a family business when a family or several families with close alliances hold the management rights of a business**, either directly or indirectly.
Chu (2004)	Dual Perspective of Enterprise Management and Ownership	A family business is **a combination of a family relationship contract and elemental contract where family assets dominate**. It's a state where family members' ownership and control over the business remain in continuous distribution, and the rules of the family culture lead to the organization's behavior to varying degrees.
Zahra (2014); Dyer (2006); Zellweger et al. (2012)	Family Culture	Family culture and values have a decisive influence on the operation and management of family businesses. Family culture refers to **the values, beliefs, norms, and behavior patterns formed by family members through long-term interactions and communications**.

(5) Definition in this thesis

Based on the above definitions and the research questions of this thesis, this thesis adopts the definition of a family business in the family culture perspective, based on the above definitions and the research questions of this thesis, this thesis adopts the definition of a family business from the family culture perspective.This perspective aligns closely with the focus of this research, which investigates how family values, trust, and intergenerational ties influence the success of succession processes. It emphasizes the non-economic, affective dimensions of family firms that are often decisive in leadership transitions and organizational continuity.

Moreover, in the Chinese context, where Confucian traditions and familial hierarchy remain strong, this perspective is especially suitable for capturing the implicit cultural mechanisms that shape family firm behavior. By focusing on the interplay of ownership, culture, and control, this definition provides a robust and relevant lens for analyzing succession dynamics in Chinese family businesses.i.e., a business in which one family or multiple families with close alliances own all or part of the business and directly or indirectly hold the operating rights of the business. The adoption of the family culture perspective in defining a family business for this thesis is based on its alignment with the research questions and objectives. Indeed, this perspective emphasizes the significance of familial ties, values, and traditions in shaping the dynamics of family-owned enterprises. By focusing on the ownership structure and operational rights held by one or multiple families with close alliances, this definition captures the essence of family businesses in terms of their familial ownership and control. Furthermore, it allows for a comprehensive exploration of how family culture influences decision-making processes, organizational behavior, and strategic outcomes within these enterprises. Overall, this definition provides a robust framework for investigating the complexities and nuances inherent in family businesses, offering valuable insights into their management, governance, and performance dynamics.

Having established the foundational definitions and historical trajectory of family business research, it is essential to move beyond isolated thematic categories and examine how these streams of scholarship converge in shaping succession outcomes. Theoretical perspectives on governance, leadership, and intergenerational relationship dynamics must be interpreted as interconnected elements rather than standalone domains. This integrated lens not only aligns with the complex realities of Chinese family enterprises—where personal relationships, governance structures, and strategic priorities are inseparable—but also prepares the ground for the subsequent review of macro-level factors, such as cultural norms and institutional frameworks, which influence the practical execution of succession plans.

2.1.2 Life cycle theory

Having established a clear definition of family businesses, it's essential to understand the broader theoretical frameworks that govern their operations and evolution. One such framework that offers valuable insights into the progression of firms, including family businesses, is the life cycle theory.

The study of the life cycle theory of the firm can be traced back to the 19th century. Economists and management scientists started to study the emergence, growth and demise of the firm as a living organism from different perspectives.Marshall (1890) first used the analogy of living organisms for firms, while Coase (1937) argued that the essence of a firm is the internalization of market transaction costs and that a firm enters into the phase of demise when the cost of internalization equals the cost of market transactions. In 1998, Greiner introduced and articulated the concept of the life cycle of the firm in his paper on organizational evolution and change, which is often regarded as the starting point of the life cycle theory of the firm (Greiner, 1998). The core idea of the theory is that any living thing has a life cycle from birth, growth, aging to death. Firms also have a process from birth to demise, manifested in cycles of investment, growth, maturity and decline. The purpose of business life cycle theory is to reflect the cycling or substitution of economic behavior between expansion and contraction, boom and bust, to reveal the factors affecting the business life cycle, and to explain how to improve the business life cycle.

In China, studies by Chen et al. (2010), Zhang & Xu (2021), and Xiao & Wu (2021) have collectively enriched the understanding of firm life cycle theory.Chen et al. (2010) examined the life cycle of firms in Hunan Province, describing a trajectory similar to that of an organism from boom to bust. This finding is consistent with the idea that firms go through different stages. In contrast, Zhang & Xu's (2021) study focuses on the impact of firms' life cycle on the debt maturity structure of Chinese firms, emphasizing the importance of adapting the financial structure according to the different stages of the life cycle, which highlights the necessity of tailoring the financial management strategy to the different stages of firms' development. In addition, Xiao & Wu (2021) explored the relationship between life cycle factors and entrepreneurial activities in rural China, revealing how life cycle dynamics shape the connotations of entrepreneurial activities, especially in rural settings where contextual factors are significantly different.

In contrast, Western studies also provide important insights. For example, Koval, Prymush, & Popova (2017) examined the impact of firm life cycle on investment efficiency. Their study found that firms at different life cycle stages differ in their investment decisions and outcomes, suggesting that the life cycle stage of the firm should be considered when making investment decisions, as investment efficiency may vary depending on the stage of development. Furthermore, Belak (2016) explored the relationship between management and governance and organizational culture at different firm life cycle stages. The study highlights the impact of the development of organizational culture on management effectiveness and governance structure at different stages of the firm's life cycle, especially the need to match organizational culture with the stage of the firm's life cycle to enhance management effectiveness.

Although there are contextual and methodological differences between Chinese and Western studies, there are many similarities in certain aspects. Both Chinese and Western studies show that firms have different managerial and financial needs at various stages of the life cycle, and that these needs change as firms grow, mature, and decline. For example, the Chinese study (Zhang & Xu, 2021) emphasizes the importance of financial structure, which matches the findings of the Western study (Koval et al., 2017) on the efficiency of investment decisions. However, the point of difference is that the Chinese study focuses more on the entrepreneurial dynamics of firms in a rural environment (Xiao & Wu, 2021), whereas the Western study focuses more on how organizational culture and governance structures evolve over the life cycle (Belak, 2016).

Taken together, these studies collectively enrich the understanding of business life cycle theory. They reveal the importance and impact of firms' development trajectories, financial management strategies, entrepreneurial activities, and investment efficiency at different stages. These studies show that firm life cycle theory is applicable not only to Chinese firms but also to Western firms, and is universal across different cultural and geographical contexts. Therefore, firms should formulate appropriate strategies and management measures according to their life cycle stages in order to better respond to market changes and achieve sustainable development. This thesis categorizes the business life cycle theory into the following four branches (Lu, & Wang, 2018). The thesis categorizes the business life cycle theory into four branches to offer a structured framework for analyzing the evolution of family businesses. This approach, driven by insights from comprehensive literature review, provides a systematic lens to explore various stages and transitions. By organizing stages into inception, growth, maturity, and decline/transition, the framework enables a nuanced understanding of challenges and opportunities across different phases. It aligns with a holistic approach, integrating diverse perspectives for comprehensive insights and aiding strategic decision-making.

(1) Bionic Evolution Theory

The study of enterprise bionic evolution takes the theory of biological evolution as the basis of economic analysis, and believes that enterprises have three characteristics of metabolism, self-replication, and mutability like natural life systems. Specifically, enterprises will obtain resources from the outside world and absorb them into internal production factors. At the same time, the production and reproduction of the enterprise itself is a process of continuous self-replication, in which the enterprise scale expands, and the enterprise will undergo fundamental changes when the production technology and business strategy are transformed. The most famous of the bionic theories is the theory of enterprise evolution, Nelson (1985) believe that the growth of enterprises is accomplished through the three core mechanisms of biological evolution, emphasizing the impact of organization, innovation, and path dependence on enterprise growth.

(2) Enterprise Life Cycle Stage Theory

This viewpoint regards enterprise growth as a continuous process with a number of stages, and the academic research focuses on the division and problems of each stage.Tuason put forward a three-stage theory: the smaller scale stage (SmalD), the integration stage (Integrated) and the diversification stage (Diversified).Smith et al(1985) also put forward a three-stage theory, but named it as: the beginning (Inception), the high growth (High-growth), the high speed growth (High-growth). Smith et al (1985) also proposed a three-stage theory, but named it: Inception, High-growth, and Maturity, respectively. Miller and Fricsen (1984) proposed a five-stage theory, i.e., birth, growth, maturity, revival, and decline. Since the 1990s, the four-stage theory has been dominant. Since the 1990s, the four-stage theory has been dominated by the four stages, which are generally named: Start-up/Birth, Growth/Expansion, Maturity/Diversification, and Decline/Revival. Recent studies have generally classified the life cycle of a firm as Start-up, Growth, Maturity, Revival and Decline, Growth, Maturity) and Decline, and this four-stage division model is generally accepted.

In recent years, research on enterprise life cycle theory has focused on small and medium-sized enterprises. The MSME sector is the backbone of world economies and makes outstanding contributions to employment and added value added for developed and developing countries (OECD, 2017). However, statistics show a high mortality rate among them. For instance, according to the U.S. Small Business Administration (2019), from 1994 to 2018, 67.6% of small businesses survived at least two years. The five-year survival rate was 48.8%; at ten years, it was 33.6%; and at fifteen years it was only 25.7%. Furthermore, the failure rate of MSMEs may have increased 9.1 percent due to the impact of COVID-19 (Gourinchas et al., 2020). The former represents the firm's ability to respond to changes in its external environment in ways that lead to success, survival, and longevity (Brozovic, 2018; Zahra et al., 2008). The latter refers to a company's capacity to change its structure and processes to adjust to environmental changes. Strategic flexibility and organizational flexibility are also important for the successful legacy of family firms and will be included in subsequent considerations in this thesis.

(3) Attribution theory

This theory aims to identify the factors that influence the growth of a firm.

Some viewpoints believe that the life cycle of technology and products affects the life cycle of enterprises. The process of technology and product entering the market to exiting the market shows a specific pattern, which generally includes the period of infancy, growth, maturity, and decline. The life cycle of an enterprise manifests itself as an extension of the product life cycle.

The second kind of analysis framework is based on enterprise DNA, Ken Baskin divided the enterprise into seven categories according to the DNA characteristics of the enterprise: very flexible toughness regulating type enterprise; the adaptive type enterprise which can plan for changes; the army type enterprise which is navigated by a few experienced teams; the passive-aggressive type enterprise which is difficult to carry out the plan which has already been agreed; the stop-and-go type enterprise which cannot make efforts in the same direction; the stop-and-go type enterprise which cannot make efforts in the same direction; the stop-and-go type enterprise which cannot make efforts in the same direction; the stop-and-go type enterprise which is not able to make efforts in the same direction. The stop-and-go type; the over-expansion type that cannot be effectively controlled; and the over-managed type that is bureaucratic and politically charged.

The third emphasizes the critical influence of the business leader on the business, linking the business life cycle to the quality of the business leader. O'Kane (2014) proposed a five-stage model of the pattern of change in leadership during the president's tenure and the reasons for it. The model suggests that there are five stages in the president's management life cycle and shows related characteristics: the stage of appointment, the stage of exploring reforms, the stage of forming styles, the stage of comprehensive reinforcement, and the stage of rigidity and obstruction. At the beginning of the president's appointment, due to the new environment and new problems, there is no other reference point, so he tends to rely on his own past successful experience to manage the enterprise. After taking office for a certain period, the president of an enterprise will often reflect on the actual effect of his management mode in the new enterprise and the new environment, and then he will make adjustments according to the actual situation and carry out explorations and reforms. If these explorations and reforms have achieved certain results, making the development and growth of the enterprise, the president's management style will often be formed, and then will be strengthened in the next stage. The result of continuous strengthening will lead to the president's superstition and stubbornness towards his own management style, so that the original model that has played a role in progress may become a limiting factor that hinders the sustained growth of the industry.

(4) Enterprise Life Cycle Countermeasures Theory

The enterprise life cycle countermeasure theory takes competitors as the reference and analyzes how enterprises can gain the advantages of growth from the perspective of system dynamics. Scholars at home and abroad have put forward compelling and innovative insights into the construction of long-lived enterprises through case studies of enterprise decline, collapse, and longevity. De Geus (2002) pointed that enterprises have four common points for successful survival: sensitivity to the surrounding environment and timely response, cohesion and identity, tolerance, and fiscal conservatism. De Geus believes that the companies that can survive in the turbulent environment of change and competition are those that focus on people rather than material assets, and the former type of company is the real sense of longevity, where the company's values coexist harmoniously with the personal values of the employees, and where there is complete openness to the outside world.

Summarizing the above literature combing, this thesis evaluates the life cycle theory of business development as follows:

(1) Contribution of Enterprise Life Cycle Theory

Firstly, mastering life cycle theory helps to understand the regularity of enterprise development process. Enterprise lifecycle Theory is a broad theoretical research platform that can carry almost all fields of management research. Based on life cycle theory, we can conduct research on many issues, such as cost, strategy, information systems, core competencies, etc., and endow these theories with new meanings. Secondly, the theory of enterprise lifecycle has improved the pertinence of management. The lifecycle model identifies key turning points in enterprise growth by describing and predicting the characteristics and existing problems of each stage of enterprise growth from various aspects, which enables managers to prepare in advance for necessary changes; Enable managers to know when to abandon strategies and cultures that only hinder future growth; Can provide a model for enterprises on how to develop, what are prone to mistakes, what skills employees need, and how to manage to stimulate future growth.

(2) The shortcomings of enterprise lifecycle theory are as follows:

Firstly, the existing theories have vague definitions of some concepts and problems. There is currently no clear and widely recognized definition of "life cycle stage"; Although there are many life cycle models, ranging from three to ten stages, existing theories cannot answer which model is the most appropriate. Secondly, the existing theories mostly focus on enterprises in a general sense, and the research on enterprises and their environment is too static and tends to be too theoretical. There is not much research on specific industries, regions, and ethnic groups of enterprises, and the existing theories on enterprise life cycle are all about the development process of micro enterprises, lacking macro research on the overall enterprise life cycle. Studying the lifecycle of a certain type of enterprise from a macro perspective is of great significance for the macro regulation and smooth operation of society. Therefore, this thesis aims to examine the macro evolution and development process of family businesses, a special type of enterprise, in China based on the study of numerous individual cases of family businesses. Not just conducting micro research on specific family businesses, but also obtaining the lifecycle of an individual family business. Thirdly, existing research on the life cycle of enterprises mainly focuses on the evolution of internal efficiency within a specific enterprise organization and the changes in enterprise scale. However, the survival and development of a specific enterprise is not simply an organizational issue but is influenced by many complex factors. Unlike biological organisms, whose life cycle is essentially determined by their inherent genetic basis, there is no obvious innate force within the enterprise that determines its vitality and lifespan. Therefore, the life cycle of an enterprise has strong variability and is not fixed and unchanging. Therefore, the life cycle of enterprises should be analyzed from a comprehensive perspective of multiple factors, and the study of enterprise life cycle must introduce a sociological perspective and method that focuses on holistic and systematic research. Understanding the limitations and complexity of enterprise life cycle theory provides a foundation for analyzing another critical dimension in the evolution of family firms—intergenerational succession. The dynamic interaction between a family firm's stage in the life cycle and its succession planning processes merits dedicated investigation, as it directly shapes the firm’s continuity and transformation.

Navigating the dynamic landscape of enterprise life cycles requires a multifaceted approach, acknowledging the absence of inherent determinants akin to biological organisms. The variability and adaptability of enterprises necessitate a comprehensive analysis integrating various factors, emphasizing the significance of sociological perspectives and holistic methodologies. Amidst these considerations, succession emerges as a pivotal aspect, embodying the enduring aspiration of entrepreneurs to sustain family businesses across generations. However, intergenerational succession transcends singular events, evolving as an ongoing process shaping the continuity and resilience of family enterprises.

2.1.3 Succession

It is the vision of every entrepreneur and his or her family to keep the family business going for generations to come, and successful intergenerational succession is an issue for all entrepreneurs. But intergenerational succession is not a one-time thing.

(1) From the perspective of the transmission process, Villalonga (2010) Intergenerational family business succession is the process by which the incumbent transfers ownership and management to family members or professional managers. In this process, the incumbent plays a crucial role and needs to assess the overall quality of the successor, identify the best successor, and smoothly hand over his or her power and property. In the process of intergenerational succession of family business, the incumbent plays a rather important role, and he needs to measure the comprehensive quality of the successor and judge who is the best successor and how to smoothly hand over the power and property under his control to ensure that the business can. Ward (2004) in *Perpetuating the Family Business* summaries three stages of family business development based on observations of family businesses. The first stage is owner-managed, when the business is owned and operated by one person. The second stage is the sibling partnership, which means that the business has been passed on to a sibling partnership consisting of two or more children. The third stage is cousin collaboration, which is then inherited by their children. In response to these three stages and to the many samples of family businesses observed, Ward makes recommendations for the development of a succession plan, and the establishment of an effective governance structure for the family business to minimize the risk of succession. Woodfield (2012) points out that the process of intergenerational succession of family businesses takes three to eight years to complete such a handover process, and although many changes may occur during this handover process, the goal is to complete the handover of family assets and business management.

(2) In terms of succession levels, Aladejebi,(2021) suggests that intergenerational succession consists of four aspects, the first of which is whether the business will continue to be run as a family business in the future. The second aspect is who will control the business, the third aspect is who holds the ownership of the business, and the fourth aspect is who will have the right to run the business. In the process of intergenerational inheritance, the incumbent needs to focus on the quality of the successor, judge who can run the business well, and at the same time smoothly carry out the inheritance of business property and family property. According to Yu (2017), The intergenerational transmission of family enterprises is essentially a process of transferring various forms of capital, not only physical capital, but also human capital, social capital, and symbolic capital. The study of this aspect can provide a deeper understanding of the intergenerational transmission of family enterprises in its entirety.

According to Neubauer (2016), intergenerational succession is an act of handing over management and business power that occurs in three situations. The first is when the leader feels that his or her abilities and expertise are not sufficient to keep up with industry trends; the second is when the leader needs to exit the business naturally due to age; and the third is when the leader is unable to continue running the business due to unforeseen contingencies such as death. She believes that the most superficial level of inheritance is the replacement of positions, the middle level is the handover of ownership and management, and the most important and core level is the transmission of the business, which includes not only the property of the family business, but also the social resources and the vision of the business passed from the father to the next generation. This is a matter of whether the business can be perpetuated and whether it can develop on the strategic goals of the original development. In the early stages of succession, the founder must consider whether the family business will be buried in the hands of the successor, and every founder wants his business to be passed on to his children. Li (2004) intergenerational succession in family firms can be decomposed into three levels: job handover, power transfer, and business succession. Among them, business succession is the core level of intergenerational succession, which is also closely related to the firm's life span. At the business inheritance level, intergenerational inheritance is not only the transfer of assets and management rights, but also the inheritance of business philosophy, values, culture, and social resources of the family business. If intergenerational inheritance is not carried out smoothly, the core culture and business philosophy of the family business may be lost, leading to the decline and bankruptcy of the business. Therefore, in the process of intergenerational inheritance, family enterprises need to focus on the business inheritance level to ensure the long-term development and survival of the enterprise. Gómez-Mejía. et al. (2007) argue that family succession decisions need to consider the goal of preserving the family's emotional wealth in society. They challenged the opinion that, family-owned firms are more risk averse than publicly owned firms. This is proposed based on the socio-emotional wealth perspective, which means family business are more likely to make decisions that do not conform to the assumption of economic rationality to preserve the socio-emotional wealth of the family and its social network. In this view, family firms will make inheritance decisions that are needed to preserve socio-emotional wealth. Furthermore Berrone P., Curz C. and Gómez-Mejía L.R. (2012) present an argument for the socio-emotional wealth (SEW) approach to be a potentially dominant paradigm in the field of family business. They argue that SEW is the most important distinguishing factor of family firms as unique entities and therefore helps to explain why family firms behave in a unique way. Danny Miller et al. (2013) discusses family firms and the divergence between strategism and institutionalism. The former view strategic differentiation as an important competitive advantage for family firms, while institutionalists argue that family firms are subject to strong compliance motives due to the pursuit of socio-emotional wealth goals. However, the relationship between conformity and family business governance, as well as governance, has not been sufficiently studied, and research on the implications for family business succession is lacking.

Yu (2011) adds the concept of knowledge transfer to the study of intergenerational inheritance of family enterprises and defines intergenerational inheritance as a family enterprise in which the incumbent passes on the ownership, management and control of the family enterprise to the successor, and at the same time passes on the knowledge and experience gained during the management of the family enterprise, which are non-explicit knowledge with the core competitiveness of the family enterprise, to the successor as well. The knowledge transfer promotes business inheritance while preserving the corporate culture and other core competencies of the previous generation's operation to ensure a balanced and sustainable development. Shen (2018) believes that intergenerational transfer of family business is the transfer of ownership and management rights. He points out that ownership and management will be separated with the development of the enterprise and the social economy, and family members will continue to control the ownership of the family business in the process of intergenerational transmission, but the management will often be handed over to professional managers. In addition, he also pointed out that the intergenerational transmission of family enterprises is not a simple process of power transfer, it will be affected by many factors, and if the transmission fails, the family enterprise will face the decline. These differences highlight the importance of cultural context in shaping the succession processes of family businesses. While Western family businesses prioritize professional management and structured planning, Chinese family businesses emphasize the continuity of family control and the role of relationships. Both approaches have their own strengths and challenges, and understanding these nuances can provide valuable insights for managing intergenerational succession in family enterprises.

(3) From the perspective of contractual relationship,. Wilson N., Wright M., & Scholes L. (2013) explore the question of whether family firms are more likely to survive than non-family firms, focusing on the role of board composition. They examined nearly 700,000 family and non-family firms in the UK from 2007-2010 and found that family firms have a significantly lower risk of insolvency than non-family firms, due to the board organization characteristics of family firms. If successful succession is to be achieved attention needs to be paid to the organizational structure of the board of directors of family firms.

The aspiration of every entrepreneur and their family members is to ensure the longevity and growth of their family business. One of the primary challenges they face is ensuring successful intergenerational business succession. Since family businesses became a subject of scholarly interest, defining what constitutes a "family business" has been a central challenge. Various scholars have approached this definition differently, leading to a myriad of perspectives. Some define it based on the capital ownership of the enterprise, emphasizing the family's ownership as the defining factor. Others focus on the control of business operations, suggesting that the involvement of at least two generations of a family in the business's operation and management is crucial. A third perspective combines both enterprise management and ownership, while a fourth perspective emphasizes the influence of family culture on the business. This cultural perspective suggests that the values, beliefs, and behaviors of the family play a pivotal role in shaping the business. The review then delves into the life cycle theory, tracing its origins and evolution, and highlighting its relevance to family businesses. The theory suggests that businesses, much like biological organisms, undergo a life cycle from birth to death. The study of intergenerational inheritance in family businesses, when combined with the enterprise life cycle theory, reveals that inheritance is a multi-stage process influenced by various factors. The core success factors can differ at each stage. The enterprise life cycle theory offers a valuable framework for understanding how the challenges and priorities in family business succession evolve across different development stages. It allows this research to conceptualize succession not as a one-time event but as a process that is deeply shaped by organizational maturity and strategic needs. However, the theory tends to adopt a generic and linear view of organizational evolution, which may not fully capture the cyclical, culturally embedded, and often emotionally driven nature of family firm succession. Especially in the Chinese context, where family values and informal institutions play a dominant role, the model lacks sensitivity to these non-economic dimensions. This thesis therefore adopts a contextualized application of life cycle theory, integrating it with the family culture perspective to examine how succession drivers vary by life stage. By applying this hybrid lens to Chinese family businesses, the study aims to contribute a stage-contingent and culturally grounded framework for understanding intergenerational succession. The review sets the stage for a deeper exploration of these themes in the context of family businesses, especially in Jiangsu Province, China.

The discussion on intergenerational succession in family businesses offers valuable insights into the complexities and challenges inherent in passing on ownership and management control to the next generation. Scholars like Villalonga (2010) emphasize the importance of the incumbent's role in assessing successors and orchestrating a smooth transition of power and property. Similarly, Ward (2004) delineates the stages of family business development, highlighting the need for a well-defined succession plan to mitigate succession risks. Woodfield

(2012) underscores the time-consuming nature of succession processes, emphasizing the goal of completing the handover of assets and management despite potential changes.

From a different angle, scholars like Aladejebi, (2021) and Yu (2017) focus on the multifaceted nature of intergenerational succession, considering aspects such as business continuity, control, ownership, and management rights. Neubauer (2016) further elaborates on the levels of succession, stressing the importance of business transmission beyond mere ownership transfer to preserve core values and ensure long-term viability. However, scholars like Mejía et al. (2007) and Berrone et al. (2012) introduce the socio-emotional wealth perspective, suggesting that family businesses prioritize emotional considerations over economic rationality in succession decisions.

While these perspectives contribute significantly to our understanding of intergenerational succession, they may overlook certain aspects. For instance, the discussion often revolves around tangible assets and formal processes, neglecting the nuanced interplay of family dynamics, cultural values, and social networks. Additionally, the focus on successful succession may overshadow the complexities and failures that many family businesses encounter during the transition process.

This thesis's theoretical position seeks to address these shortcomings by adopting a holistic approach that integrates socio-cultural factors into the discussion of intergenerational succession. By emphasizing the influence of family values, traditions, and social capital, my research aims to provide a more comprehensive understanding of succession dynamics. Moreover, by situating the discussion within the context of Jiangsu Province, China, I aim to uncover unique insights into how tradition and modernity intersect in family business practices. Ultimately, my contribution lies in bridging theory and practice to inform both scholarly inquiry and practical decision-making in the field of family business management.

The Fribourg School, notably through the work of Rico Baldegger and colleagues, has made significant contributions to the study of family business governance, succession, and entrepreneurship. Situated at the University of Fribourg in Switzerland, this research stream emphasizes a holistic and practice-oriented approach, combining empirical studies with managerial insights. Baldegger's analyses highlight the interplay between governance structures, innovation capacity, and succession planning in small and medium-sized family enterprises, particularly in the European context.

One of the core tenets of the Fribourg School is that effective succession is not merely a transfer of ownership or management responsibilities but a strategic process involving the renewal of entrepreneurial vision and capabilities. In his 2017 work, Baldegger stresses that succession outcomes are enhanced when family firms adopt governance mechanisms that balance family influence with professional management. This includes the integration of advisory boards, the involvement of external directors, and the formalization of decision-making processes.

Furthermore, the Fribourg School has underscored the importance of entrepreneurial orientation during succession, arguing that innovation and market responsiveness must be preserved and strengthened in the transition process. Comparative studies led by Baldegger (2019) show that firms with a clear strategic vision, professionalized governance, and proactive succession planning tend to achieve higher post-succession performance.

Integrating these insights into the present thesis strengthens the theoretical framework by providing an additional European perspective on governance and succession dynamics, complementing the Chinese cultural context examined in this study. The Fribourg School's findings reinforce the argument that governance diversity, innovation capability, and long-term strategic alignment are critical factors in ensuring successful intergenerational transfers.

2.2 Life cycle and succession in Chineses family-owned business firms

2.2.1 Life-cycle theory and succession in Chinese family-owned business firms

(1) Life-cycle theory in Chinese family-owned business firms

The enterprise life cycle theory pays more attention to the development history of individual enterprises, and the life cycle of individual enterprises in China can be roughly divided into start-up, growth, maturity and decline according to the life cycle stage theory.

A. Start-up period

The start-up period refers to the period from the beginning to the slow growth of the enterprise. In the early stage of the development of family enterprises, mainly relying on the family's own primitive accumulation, the scope of operation is also relatively centralized, the entrepreneur's personal equity is relatively centralized, with supreme power in the enterprise, its ownership and operation rights are fully integrated, equity is more concentrated, and the cost is also relatively low. Family business to the family as the core, most of the employees of the enterprise from within the family, although the lack of specialized management knowledge and skills, the pivot of kinship relationship makes the enterprise members united and work together. In the start-up period, due to the small scale, single business structure, less resources invested, the agreed relationship is relatively simple and direct, which in turn forms a relationship network unique to the family business. At this stage, the entrepreneur makes decisions on all important activities of the enterprise by virtue of his personal prestige and full of ambition.

B. Growth Stage

After the screening of the start-up period, the enterprise can enter the rapid development of the growth period, in this stage of the enterprise market demand increases lead to the expansion of the scale of the product or service, the rules and regulations of the increasingly perfect, the product of the market share is stronger. At this stage, the enterprise's ability to integrate resources and the level of product production technology is rapidly improving, the family business in this stage is facing the need to introduce professional management personnel and cannot be limited to family members as in the initial stage of the enterprise. The founders need to adjust the degree of centralization appropriately and give incentives to the professional management personnel to ensure the consistency of the utility function.

C. Maturity

When the enterprise tends to mature, the scale is expanded to the extent that it is difficult to be managed directly by the family members, the founder and most of the family members will enter the management, and gradually adopt the modernized enterprise governance, the degree of centralization of the family members will be reduced.

D. Decline

Entering the decline stage of the enterprise presents many obvious characteristic changes, one is the rigidity of the enterprise organizational structure, lack of vitality. The internal organizational structure of the enterprise is bloated, the decision-making efficiency is reduced, each department thinks of its own way of doing things, the cohesion is reduced, and it is unable to make a rapid response to market changes. Second, the lack of corresponding innovation mechanism within the enterprise. Managers rest on the status quo, the spirit of innovation declined, the management level dropped sharply, resulting in a loss of talent and a decline in the cohesion of team members. Due to the worrying profitability, the enterprise will also weaken the investment in research and development, advertising, or promotion accordingly. Thirdly, products or services are outdated, and production efficiency is low, resulting in declining market share, revenues, and profits. Fourth, the awareness of customers' needs is weakened.

For Chinese family firms, in addition to these declines due to internal business reasons, there are often changes in business conditions due to unforeseen events, unsuccessful succession choices, and changes in the external economic policy environment.

(2) Succession in Chinese family-owned business firms

In China's family business inheritance can be divided into three main modes, one is child inheritance, the second is internal training, and the third is the introduction of professional managers.

The mode of children's inheritance is the main way of partnering for the inheritance of family enterprises in China at present. On the one hand, it is because the cost of enterprise power transfer is minimized, and on the other hand, a generation of founders is generally reluctant to pass on their hard-earned assets to non-family group members. According to statistics released by Forbes in 2015, the proportion of first-generation founders and second-generation successors serving at the same time in the 884 family businesses listed in China is as high as 54.98%, of which 12.56% have been taken over by their children. Therefore, judging from the 2015 statistics, more than 66% of China's listed family businesses have been or are in the process of passing on their businesses to their children. In terms of the training methods for second-generation successors, the main methods are that the fathers personally instruct their children in business operation and management to prepare for the future succession, or that they send their successors to study and exercise in enterprises or organizations outside the family to accumulate experience. This includes entrusting third-party organizations, such as MBA, to provide specialized training to acquire relevant corporate knowledge and make certain contacts; and studying abroad, especially studying business subjects in well-known foreign universities, management, finance, and other courses in famous foreign universities. This will broaden your horizons and cultivate new thinking in preparation for taking over the business in your home country.

It is also common for Chinese family businesses to train and promote successors from within the company. Unlike direct succession by children, internally trained successors often do not have blood relations with the founders and are generally employees with outstanding abilities. Due to a variety of factors, when the children of the founders do not have the conditions for succession, internal training becomes an alternative. This mode is also different from the pure market-oriented operation of introducing professional managers, in which the internal training also integrates stronger emotional attributes, especially the appreciation of the founder of the first generation, which is the key condition to become the successor. This also predetermines the special nature of the relationship between the internally trained successor and the generation of owners of the enterprise.

The introduction of professional managers is one of the most popular inheritances methods and is considered by many scholars to be the direction of development for the inheritance of Chinese family enterprises. However, from the perspective of actual practice, the introduction of professional managers has not accounted for a large proportion in the inheritance of Chinese family enterprises. It should be said that this mode is still in the exploratory development period. The choice of inheritance for the generation of founders of family enterprises is still more on their children or employees within the enterprise.

2.2.2 Life-cycle in Jiangsu family business

(1) Jiangsu family business start-up period

First, when Jiangsu family enterprises found a potential market that was not yet satisfied or recognized by customers, they raised start-up capital within the family and spared no effort to develop new products or services to meet this market demand. For example, in the early 1990s, Changshu Jiaxin Machinery Co., Ltd. discovered the potential of the electronics industry and invested in equipment to create a semiconductor packaging and testing industry, becoming a leading company in the semiconductor industry in Jiangsu. At this point, the family business was born and successfully entered the start-up phase. The average life span of a start-up is 3-5 years. Family entrepreneurship brings advantages in terms of capital and personnel, which is a distinctive feature of Jiangsu family firms during the start-up period. The firm's employees are related by blood, kinship, and marriage (Chen et al., 2020), and most, if not all, of the firm's employees are family members.

When entrepreneurs seek a good business opportunity, they will promote it within the family, hoping that family members can provide broader ideas for their business ideas on the one hand; on the other hand, they are also seeking partners within the family. At the same time, based on the unique family factors such as kinship and trust, other members of the family are usually actively involved in the creation of the family business. Family members are the main force in the initial stage of family enterprises in Jiangsu, not only entrepreneurs are family members, but also managers and ordinary employees are mostly family members (Wang,2011).

Second, the enterprise has strong cohesion and centripetal force Jiangsu family enterprises in the start-up period are mainly composed of family members, who have a common goal - to make the family business alive. For example, the founder of Changzhou Jiaxin Machinery Co., Ltd. founded the company together with his siblings, and most of the management of the company is also composed of family members.

(2) Growth period of Jiangsu family firms

This period is the most dynamic period for Jiangsu family enterprises and has advantages that are unmatched by other life cycle stages. First, the entrepreneur has the sole power and decentralization is inevitable. At this stage, Jiangsu family enterprises are expanding, and their business volume is increasing, which makes the entrepreneurs confident in their family enterprises. For example, the listed company Changshu Brewery Co., Ltd. experienced explosive business growth in the mid-1990s, and the founders were confident in the company's growth prospects.

While the references provided may not directly address Jiangsu family firms, they underscore the importance of contextual factors and power dynamics in family businesses. Given the significance of Jiangsu province in the Chinese economy and the prevalence of family-owned enterprises therein, further research on Jiangsu family firms is warranted to gain deeper insights into their challenges, strategies, and contributions to regional and national development. Examining Jiangsu family firms in the context of broader theoretical frameworks and empirical evidence allows for a more comprehensive understanding of family business dynamics. By synthesizing insights from diverse sources, researchers can discern universal patterns and unique characteristics specific to Jiangsu family firms, thereby enriching the scholarly discourse on family business management and entrepreneurship.

Since the unification of the "two rights" allowed Jiangsu family firms to grow faster than the average public enterprise during the start-up period, the entrepreneurs still insisted on a high degree of unification of ownership and operation during the start-up period. However, the development of Jiangsu family businesses in the formative years has become increasingly demanding for entrepreneurs, not only in terms of business knowledge but also in terms of personal time and energy). To keep the family business thriving, the entrepreneur must delegate some of the power to other talented family members or outsiders. Of course, this will be strongly opposed by the individual entrepreneur, who will strongly prevent the release of power because he does not want to lose his personal authority and is afraid of losing power.

Second, the complexity of family relationships makes it difficult to bring in talent from outside the family name. The network of relationships established through blood and kinship ties has enabled Jiangsu family firms to grow faster than other firms and to enter a period of growth with the united efforts of family members. However, as more and more family members enter, intra-family conflicts begin to emerge and each family begins to defend its own interests, leading to competition for power and profits. The intra-family relationships at this stage start to become complex. At the same time, the quality of family members varies, and their individual abilities and knowledge do not meet the needs of business development. Therefore, while increasing the training of Jiangsu family members, it is necessary to bring in high-level talents from outside based on the corporate life cycle theory of family business governance structure. This can bring fresh blood to Jiangsu family enterprises and provide new ideas to promote the development of the enterprise. However, in order to maintain established interests, family members will strongly reject outsiders (Song et al., 2018), as outsiders are always positioned as wage earners and their space for development is severely restricted, resulting in very limited contribution of outsiders to Jiangsu family firms. The biggest disadvantage of Jiangsu family enterprises is the inaccessibility of social elites, which will be a major obstacle to development (Gilding et al., 2015)..

Finally, the internal management is disorderly, and the system is not sound. The flexible management style has enabled Jiangsu family enterprises to gain vitality and move forward with ease. As Jiangsu family enterprises enter the growth period, the casual management style becomes less and less suitable for family enterprises due to the continuous entry of external talents (Wu et al., 2018). In particular, the complex kinship relationships in Jiangsu family enterprises make it difficult to deal with problems among family members and between family members and ordinary employees, and also sow many hidden dangers for the internal management of Jiangsu family enterprises. At this stage, it is necessary to combine the standardization and flexibility of management to jointly promote the development of Jiangsu family enterprises. Sound rules and regulations are the guarantee for the smooth development of Jiangsu family enterprises in the formative years. There is an urgent need to establish rules and regulations to standardize the management of all matters (Zhang, Ma, & Wang, 2014).

(3) Maturity of Jiangsu family enterprises

The maturity stage of Jiangsu family enterprises is marked by significant developments in management practices, strategic planning, and the integration of professional expertise. This phase is critical for sustaining growth and ensuring the longevity of the enterprise. Recent studies have provided insights into how family businesses navigate this stage, highlighting both challenges and opportunities.

During the maturity stage, Jiangsu family enterprises often focus on consolidating their market position and expanding their business operations. According to Yang et al. (2020), Chinese family SMEs (Small and Medium-sized Enterprises) in the maturity stage emphasize the importance of internationalization and strategic alliances to enhance competitiveness and market reach. This approach is reflective of a broader trend among mature family enterprises to seek growth opportunities beyond domestic markets, thereby diversifying their revenue streams and reducing dependency on local economic conditions.

A key feature of the maturity stage is the professionalization of management. As noted by Gersick and Feliu (2014), family enterprises often transition from being family-managed to incorporating professional managers who bring specialized skills and knowledge. This shift helps in maintaining operational efficiency and implementing best practices in management. The study emphasizes that while family members retain strategic control, the day-to-day management is often entrusted to professionals, ensuring that the business operates efficiently and effectively.

Despite the advancements and professionalization efforts, mature Jiangsu family enterprises face several challenges. Reay and Pearson (2013) highlight the role of family firm advisors in addressing these challenges. Advisors help family businesses navigate complex issues such as succession planning, conflict resolution, and strategic decision-making. The involvement of external advisors is crucial in maintaining objectivity and providing expertise that might not be available within the family.

The cultural and social dynamics within family businesses also play a crucial role during the maturity stage. Susanto and Susanto (2013) discuss how the commitment of family members and their ability to balance traditional values with modern business practices significantly influence the sustainability of the business. The study points out that successful family enterprises manage to integrate the loyalty and trust inherent in family relationships with the professionalism required for business operations.

The maturity stage of Jiangsu family enterprises is characterized by strategic expansions, professionalization of management, and the integration of professional advisors. While these enterprises leverage their strong family ties and cultural values, they also face the challenge of balancing traditional practices with modern management techniques. The ability to successfully navigate these complexities determines the long-term sustainability and growth of family businesses.

(4) The decline of Jiangsu family enterprises

The decline phase of Jiangsu family enterprises, like other family businesses, is often characterized by a combination of internal and external factors that can lead to a decrease in performance and eventual failure if not managed properly. Recent studies provide insights into the causes and processes of decline in these enterprises, highlighting both unique challenges and common patterns.

One of the critical internal factors leading to the decline of Jiangsu family enterprises is the failure to adapt to changing market conditions and innovate. Islam et al. (2022) highlight the psychological barriers that prevent family business leaders from embracing technological innovation. This reluctance to change can lead to a decline in competitiveness and relevance in the market. The study points out that maintaining a positive attitude towards innovation and adapting to new technologies is crucial for the survival and growth of family businesses.

Governance and leadership transitions are another major area of concern. Chang (2020) discusses the importance of effective leadership succession planning in Chinese family enterprises. The lack of a clear and effective succession plan can lead to power struggles and instability within the business. Chang emphasizes the need for structured succession planning to ensure a smooth transition and maintain business continuity.

External economic and policy changes also play a significant role in the decline of family businesses. He and Liu (2022) explore how changes in governmental policies and economic conditions can impact family enterprises. They argue that family businesses need to be adaptable and responsive to external changes to avoid decline. Their study highlights the importance of maintaining legitimacy and socioemotional wealth through strategic adaptation to policy and market changes.

The cultural and social dynamics within family enterprises can also contribute to their decline. Seet, Graves, and Tan (2016) discuss how demographic changes, such as declining birth rates, can affect the sustainability of family enterprises. The study suggests that a decrease in family members available to take over the business can lead to challenges in leadership succession and governance.

The decline of Jiangsu family enterprises is influenced by a complex interplay of internal and external factors, including resistance to innovation, poor succession planning, external economic changes, and demographic shifts. Understanding these factors and implementing strategies to address them is crucial for preventing decline and ensuring the long-term sustainability of family businesses. By learning from these insights, family enterprises can better navigate the challenges of the decline phase and potentially transform these challenges into opportunities for renewal and growth.

Identifying the most critical phase in the life cycle of family enterprises is essential for understanding where strategic focus should be applied to ensure long-term sustainability and growth. Among the various stages of a family business's life cycle—start-up, growth, maturity, and decline—the maturity stage stands out as the most crucial. This phase is pivotal for several reasons:

The maturity stage is where family enterprises consolidate their market position and stabilize their operations. During this period, businesses typically have a well-established customer base, stable revenue streams, and a strong brand presence. This stability provides the platform needed for long-term planning and sustainable growth. According to Gersick and Feliu (2014), the maturity phase allows family businesses to solidify their market position and build a robust organizational structure that supports sustained success.

One of the key characteristics of the maturity stage is the professionalization of management. Family businesses often transition from being managed solely by family members to incorporating professional managers who bring specialized skills and expertise. This professionalization is crucial for enhancing operational efficiency, driving innovation, and implementing best practices in management. As highlighted by Shen (2018), integrating professional managers helps family businesses maintain high standards of governance and operational excellence.

During the maturity stage, family enterprises have the resources and experience to engage in strategic planning and explore new growth opportunities. This period is often marked by expansion efforts, such as entering new markets, diversifying product lines, and forming strategic alliances. These initiatives are essential for maintaining competitive advantage and ensuring continued growth. Yang et al. (2020) emphasize that mature family businesses are better positioned to leverage their established market presence and pursue internationalization and strategic partnerships.

The maturity stage is also critical for succession planning. Effective succession planning ensures the smooth transition of leadership and ownership from one generation to the next, preserving the family legacy and sustaining the business. Poor succession planning can lead to conflicts, loss of strategic direction, and even business failure. As discussed by Reay and Pearson (2013), involving external advisors and developing a structured succession plan are vital for mitigating risks associated with leadership transitions.

The maturity stage of family enterprises is the most critical phase in their life cycle. It is during this period that businesses consolidate their market position, professionalize their management, engage in strategic planning, and prepare for leadership succession. Focusing on these areas during the maturity stage is essential for ensuring long-term sustainability, competitive advantage, and successful intergenerational transfer of the business. By addressing the unique challenges and opportunities of the maturity stage, family enterprises can lay a strong foundation for continued success and legacy preservation.

2.2.3 Factors influencing for successful succession in Chinese family-owned firms.

The influencing factors on whether a Chinese family business can be successfully passed on are varied. Some are internal, such as the founder's own awareness and decision-making, and support from within the family. Some are external factors, such as unexpected events and changes in political and business relations. This thesis summarizes the following common influencing factors.

(1) Founder's decision-making

The choices and judgments, planning, and decision-making of the founders of the family business generation are direct and key factors determining the inheritance and sustainability of the family business. Founders' decisions influence every stage of succession planning and execution, impacting the long-term viability of the enterprise.

The founder's understanding of the inheritance process is crucial. Key decisions include when to start planning for succession, the specific arrangements and timelines, and the timing and method of retirement. These decisions are influenced by the founder's personal understanding, judgment, and strategic thinking. According to Lumpkin and Brigham (2011), early planning and clear communication of succession plans can significantly enhance the chances of successful intergenerational transfer in family businesses.

Choosing the right successor is a natural and critical matter once the importance of succession is recognized. Founders must decide whether to choose their own children, other relatives, internal managers, or hire an external professional manager. Each option has its own set of challenges and benefits. Sharma, Chrisman, and Chua (2003) highlight that the choice of successor should be based on merit, capability, and the future needs of the business, rather than solely on family ties.

Training the chosen successor is another critical decision. If the founder decides on their children, the training must balance imparting business acumen and maintaining family harmony. This includes deciding whether to enroll them in domestic universities, send them overseas, or involve them in the business early on. Chrisman, Chua, and Sharma (2005) emphasize the importance of structured training programs that integrate formal education with practical business experience to prepare successors effectively. When professional managers are chosen over family members, the main challenge is their supervision and motivation. This involves addressing the principal-agent problem, where the interests of the managers may not align with those of the owners. Jensen and Meckling (1976) discuss the agency costs and the mechanisms to mitigate these issues, such as performance-based incentives and rigorous monitoring systems.

The founder's decision-making process in family businesses encompasses understanding and planning for inheritance, selecting and training successors, and managing professional managers. Each decision has significant implications for the continuity and success of the business. By addressing these issues strategically, founders can ensure the successful intergenerational transfer and long-term sustainability of their enterprises..

(2) Accidents

One of the significant factors influencing the succession of family businesses in China is the occurrence of unexpected accidents. These incidents can drastically alter the course of the enterprise, forcing the business to deal with succession issues passively. There are three main types of accidents that can impact the founder of a family business: accidents due to external forces, sudden illness, and legal troubles.

External forces such as natural disasters, accidents, or unforeseen circumstances can physically incapacitate the founder of a family business. These events can disrupt the normal operations of the business and necessitate immediate succession planning. According to Salvato, Chirico, and Sharma (2010), family businesses are particularly vulnerable to external shocks due to their reliance on key individuals. The sudden loss or incapacitation of the founder can create a leadership vacuum and necessitate urgent succession decisions.

Sudden illness is another critical factor that can affect the founder's ability to perform their duties. Chronic or acute health issues can incapacitate the leader, necessitating an unplanned and immediate transition of management responsibilities. Lansberg (1999) emphasizes the importance of having contingency plans in place for such health-related issues to ensure business continuity. Without such plans, the business can face significant operational challenges. Legal issues, including incarceration, can also abruptly change the leadership dynamics within a family business. When founders are involved in legal troubles, their absence from the business due to imprisonment or prolonged legal battles can force the family to address succession sooner than anticipated. Poza and Daugherty (2010) discuss how legal problems can impact the reputation and operational stability of family businesses, necessitating a well-thought-out succession plan to mitigate these risks.

Accidents, whether caused by external forces, sudden illness, or legal troubles, can significantly impact the succession process in family businesses. These unforeseen events necessitate the immediate and often unplanned transition of leadership and management responsibilities. By understanding these risks and implementing contingency plans, family businesses can better prepare for such eventualities and ensure smoother transitions during times of crisis. Proper planning and awareness of these potential issues are crucial for maintaining the stability and continuity of the business in the face of unexpected challenges.(3) Willingness of children to inheritFor many Chinese family business owners, one of the significant challenges is convincing their children to take over the family business. The willingness of children to inherit the business plays a crucial role in the successful transition of family enterprises. This willingness is influenced by various factors, including personal aspirations, independence, and perceived capability.

Children of family business owners often have strong personal aspirations and a desire for independence. They may want to pursue their own career paths and life goals rather than stepping into a role that has been predetermined by their parents. According to Fang, Kotlar, Memili, and Chrisman (2018), next-generation members' reluctance to join the family business is often driven by a desire to establish their own identity and career outside of the family enterprise. This sense of independence can be a significant barrier to succession planning.

Even if children are willing to take over the family business, there is often concern about their capability to manage the enterprise effectively. The lack of proper guidance and cultivation of skills can be a significant obstacle. De Massis, Chua, and Chrisman (2008) emphasize the importance of structured development programs for potential successors. These programs should focus on imparting essential business skills and leadership qualities to ensure that the next generation is prepared to handle the complexities of the family business.

Another critical aspect is ensuring that children grow up with a balanced perspective on wealth and responsibility. Excessive wealth can lead to a lack of motivation or, in some cases, detrimental behavior. Ward (2011) discusses the challenges of raising children in wealthy families, noting that it is essential to instill values of hard work, responsibility, and stewardship to prevent them from going astray. This is supported by Kets de Vries (2003), who explores how excessive wealth can demotivate heirs and even lead to psychological dysfunction. Moreover, ensuring that children understand the importance of the family business and their role in its continuity is crucial for successful succession (Stavrou, 1999; Lambrecht & Lievens, 2008).

The willingness of children to inherit the family business is influenced by their desire for independence, their perceived capability, and the values instilled in them regarding wealth and responsibility. Addressing these factors through proper succession planning, skill development, and value education is essential for the successful transition of family businesses. Understanding and mitigating these challenges can help ensure that the next generation is both willing and able to take over the family enterprise, thereby securing its future.

(4) Government-Business Relations and Business Environment

In China, it is inevitable for family firms to navigate their relationships with the government where the business is located. This is a common strategy for family firms worldwide, focusing on relationships with the political community to secure unique development resources and policy advantages. By maintaining and strengthening ties with local power resources, family businesses aim to gain access to these benefits. However, in an environment where the rule of law is not well established and legal awareness is low, many family businesses struggle due to poorly managed relationships with the government.

Another significant factor affecting the inheritance of family businesses in China is the broader business environment. Government-business relations are a crucial part of this environment, but it also includes other aspects like the credit environment and policy environment. Historically, credit problems have been a major obstacle for the development of Chinese family firms. These firms often have limited access to capital, making financial credit measures, such as those provided by banks, critical to their survival and growth.

The importance of government-business relations in China cannot be overstated. According to Chen, Lee, and Li (2013), family businesses in China often engage in political networking to gain access to resources and policy benefits. This networking is crucial for securing government contracts, favorable regulations, and other forms of support that can give businesses a competitive edge. However, mismanagement of these relationships can lead to significant challenges, including legal issues and loss of government support.

The broader business environment also plays a critical role in the success and succession of family businesses. The credit environment, for instance, is particularly challenging for Chinese family firms. According to a study by Zhang, Ma, and Wang (2017), access to financial resources is limited for these firms, making it difficult for them to expand and innovate. This limitation underscores the importance of having strong credit policies and relationships with financial institutions. The policy environment, including both formal regulations and informal practices, significantly affects family businesses. Huang, Fang, and Zhang (2015) emphasize that family firms must navigate complex regulatory landscapes and often rely on informal networks to gain insights and support. These networks can help businesses anticipate and adapt to policy changes, but they also require careful management to avoid legal pitfalls and ensure compliance with regulations.

Navigating government-business relations and the broader business environment is crucial for the success and continuity of family businesses in China. Effective political networking and a robust understanding of the credit and policy environments can provide significant advantages. However, mismanagement of these relationships can lead to severe consequences, highlighting the need for strategic planning and strong governance. By addressing these challenges, family businesses can better ensure their long-term sustainability and successful intergenerational succession.

2.3 Theoretical model for successful succession in Chinese-family firms

Based on the theoretical synthesis of succession influences (Section 2.1) and their variations across the business life cycle (Section 2.2), this study integrates the findings into a holistic conceptual model. The model identifies four core categories—personal, organizational, relational, and environmental factors—as pivotal to succession outcomes. Drawing on Sharma's (2001) two-dimensional framework of satisfaction and effectiveness, the model links these dimensions to explain both the processual and outcome-based aspects of succession success. This integrative model is particularly suited for Chinese family firms due to their contextual complexities and cultural nuances, as discussed in the preceding sections.

Based on the above theoretical analysis of the characteristics and life cycle of Chinese firms, this paper distills four core factors affecting the successful inheritance of Chinese family firms: the personal factors, organizational factors, relationship factors and environmental factors.

Meanwhile, using Sharma's (2001) analytical model of successful transmission, successful transmission should include two dimensions: satisfaction with the transmission process and transmission effectiveness. Building on the analytical dimensions discussed above, this section introduces a synthesized theoretical model which will be further detailed in the following subsections.

2.3.1Personal factors

(1) Personality of the Founders

Barach and Gantisky (1995) highlight that incumbents with interests beyond their business, openness to mentoring successors, and respect for others' input facilitate a smoother succession process. Similarly, in Chinese family firms, the founder's personality significantly influences the succession process, as decision-making is highly centralized. The founder's leadership style and decisiveness directly shape the selection of the successor, often accelerating the process when the incumbent's personality favors quick decision-making (Cheng-Bin & Shou-Xiang, 2013).

Unlike in Western firms, where power is gradually decentralized and shared with successors (Le Breton-Miller et al., 2004), Chinese founders tend to retain control longer, making their personality even more decisive. Founders in China also leverage informal mechanisms such as *guanxi* to sustain control during their tenure, which adds a layer of complexity to the decision-making process (Lu et al., 2021). This dynamic underscores the pivotal role of the founder's willingness to mentor and the compatibility between the founder's and successor's personalities.

(2) Willingness of Founders to Leave

The reluctance of incumbents to step down is a common challenge in family firms (Handler, 1990). This is particularly evident in Chinese family businesses, where the founder's emotional attachment to the firm can hinder succession (Chuntian & Aimin, 2023). Landsberg (1998) notes that founders must actively manage anxiety about succession to facilitate smooth transitions. Sharma et al. (2001) identified that unwillingness to leave is one of the primary obstacles to succession in family firms.

In Chinese firms, where incumbents maintain both ownership and management roles, emotional and social wealth can exacerbate this reluctance (Xiu, 2019). Even when founders recognize the importance of letting go, the desire to preserve control, reputation, and legacy remains a significant hurdle. Studies emphasize that co-management periods between founders and successors, often referred to as "father-son co-governance," offer a transitional solution, enhancing the incumbent's willingness to transfer control (Xiang-Yao & Yi-He, 2015).

(3) Founders' Needs

The trust between incumbents and successors is essential for successful inheritance. Barach (1995) and Handler (1990) suggest that the willingness of founders to mentor and share knowledge is critical. In Chinese family firms, intergenerational knowledge transfer is often embedded within informal networks (Lingyun, 2019). Successful knowledge transfer relies on strong family relationships and political skills developed by the successor, which enhance trust and cooperation (Lu et al., 2021). Furthermore, aligning these needs with cultural expectations, such as preserving socioemotional wealth, ensures smoother transitions (Xiu, 2019).

(4) Willingness of Successors to Take Over

Christman (1998) suggests that the successor's willingness to take over plays a crucial role in succession success. In Chinese family firms, this willingness is further influenced by Confucian cultural values, which emphasize filial duty and family cohesion (Yingyu, 2019). Successors who align their career goals with family business needs tend to experience smoother transitions (Handler, 1992).

Studies indicate that access to external networks, such as business chambers, enhances successors' managerial knowledge and fosters greater willingness to assume leadership roles (Lu et al., 2021). However, succession processes may still face challenges when the career aspirations of successors conflict with family expectations, underscoring the need for flexible succession planning (Jian et al., 2024).

(5) Personality of Successors

The alignment between the personality of the successor and the incumbent fosters effective communication and shared values (Barach & Gantisky, 1995). In Chinese firms, this compatibility is often strengthened through long-term familial interactions, which instill the family's business values in the successor (Lingyun, 2019). Successors who exhibit similar leadership styles and values are more likely to gain the incumbent's trust, facilitating a smoother handover (Xiu, 2019).

(6) Ability of the Successors

The abilities of successors are critical to business continuity. Goldberg (1996) emphasizes that successors with higher education and experience outperform those with limited education. In Chinese firms, successors benefit from a combination of formal education and practical experience within and outside the family business (Chuntian & Aimin, 2023). Practical experience helps successors build prestige within the business, reducing dependency on the incumbent (Xiang-Yao & Yi-He, 2015).

Work experience outside the family firm also plays a pivotal role, improving successors' self-confidence, knowledge, and ability to engage with external stakeholders (Ward, 1987). Chinese family firms place a significant emphasis on tacit knowledge transfer from the incumbent, ensuring that the successor inherits both business insights and cultural values (Lingyun, 2019).

(7) Gender-Related Factors

Gender dynamics significantly influence succession outcomes. Kubíček et al. (2019) highlight that cultural factors often impede daughters from taking over leadership roles. This issue is particularly pronounced in China, where traditional norms and the one-child policy affect perceptions of women as successors (Yingyu, 2019). Studies show that, despite evolving professional roles for women, family firms in China remain reluctant to pass leadership to daughters, opting instead for male heirs or external CEOs (Lu et al., 2021).

In contrast, Western family firms exhibit a more inclusive approach to succession, with increasing acceptance of female leaders (Le Breton-Miller et al., 2004). However, overcoming gender biases remains a challenge globally, underscoring the need for policies that promote equitable succession practices across cultures (Yin et al., 2016).

2.3.2 Relationship factors

(1) Relationship between incumbents and successors

Incumbent-successor relationship refers to the harmony of the mutual relationship between the incumbent (founder) and the successor of a family business due to trust and cooperation. Sharma (2003) concludes that a relationship of mutual trust and respect between father and son is the key to ensure smooth succession. Barach and Ganitsky (1995) argue that to ensure the effectiveness of the training of successors, the incumbent should have the characteristics of willingness to guide, active cooperation, openness and honesty. (1) The incumbent should have the characteristics of willingness to guide, positive cooperation, and openness and honesty.

(2) Communication between the incumbent and the successor

This kind of communication refers to the communication in two directions, including not only the incumbent's communication to the successor about life, values, enterprise view, management, and life, but also the feedback and exchange of ideas from the successor to the incumbent. Davis (1989) suggests that one of the effective ways to establish a good relationship between fathers and sons is to increase the communication.

(3) Relationship between family members

In China, family business combines two social organizations, family, and enterprise, closely together. Therefore, the harmony within the family will directly affect the operation of the enterprise. A family business, family members have a harmonious relationship with each other, it is relatively easy to reach agreement on decisions involving family issues and interests in the family business.

2.3.3 Organizational factors

(1) Succession plan

Gersick (1997) suggests that the key to the succession of a family business lies in the existence of a successful succession plan. Succession plans are becoming more and more important in the strategic development of family businesses, and thus the existence of a succession plan has become one of the influencing factors for successful succession. In Chinese family businesses, the proportion of succession plans incorporated into corporate strategy is very small.

(2) A shared vision for the family business

A shared vision of the business refers to the consistency between the incumbent and the successor about the common vision of the business.Chrisman et al. (1998) suggest that sharing views about the ultimate goals of the business is crucial for the successful succession of the business. Successors who share the same corporate vision of the family business as the incumbent tend to be recognized by the incumbent during the succession process and are more easily integrated into the family business governance. The establishment of a common vision for the development of the enterprise can often promote the rapid development of the family industry, thus providing a better impetus for successful inheritance.

(3) Board of directors

Lansberg et al. (1987) affirm the importance and positive role of the board of directors of a family business in leading the family business, and point out that a board of directors with clear responsibilities, rational design, and a combination of internal and external family members exerts a positive influence on the success of the succession process in the family business, especially as it guides the implementation of the succession plan, and to a certain extent has the power to Enforce the implementation of the succession plan and supervise the succession training process accordingly. In addition, the board of directors can provide a wide range of advice to the management of the company and play an important role in resolving father-son conflicts in the process of succession development. According to the "American Family Business Survey Report" issued by the American Masumoto Financial Group and Raymond Institute in 2003, American family businesses generally have set up boards of directors, and 34.1% of family businesses have set up branches under the board of directors, of which 2.7% have set up compensation committees, 7.5% have set up human resources committees, 5% have set up strategic planning committees, and 29.6% have set up audit committees. audit committee. Chinese scholar Li Min (2008) pointed out in his study that the role of the board of directors in Chinese family firms is limited, and the proportion of outside professional management involvement has increased.

(4) Family council

Although scholars generally agree on the important role of family councils, there is disagreement on the conceptualization of family councils, especially on the composition of family councils. Landsberg (2005) argues that the family council is composed of other family members who do not enjoy the equity and management rights of the enterprise. Zhang Bing (2004), on the other hand, argues that the family council is composed of family members who are engaged in the management of the business. It can be said that the two views on the membership of the family council are diametrically opposed.

(5) Importance of guanxi

In Chinese family businesses, a distinct *guanxi*-oriented control mechanism emerges, different with the market-oriented control mechanisms prevalent in Western firms. While Western firms tend to emphasize formal governance structures, such as transparent ownership distribution and professionalized boards (Handler, 1994), Chinese firms rely heavily on familial and social networks to allocate control rights (Lingyun, 2019). This reliance on *guanxi* reflects deeply embedded cultural norms, where trust, reciprocity, and informal agreements shape business decisions (Yingyu, 2019).

Research on family-listed companies in Zhejiang province highlights the significance of *guanxi* in Chinese family firms. Control rights are predominantly retained within families, with ownership often distributed among relatives according to their *guanxi* type (Cheng-Bin & Shou-Xiang, 2013). The intergenerational transfer of control is further facilitated through co-governance arrangements between fathers and sons, ensuring a smooth transition (Xiang-Yao & Yi-He, 2015). However, this reliance on informal networks presents challenges. For example, *guanxi* complicates the enforcement of corporate governance standards, as managerial and corporate control markets in China remain underdeveloped (Chuntian & Aimin, 2023).

In Western family businesses, formal boards and legal frameworks play a more prominent role in controlling ownership and ensuring smooth transitions (Le Breton-Miller et al., 2004). Professional boards often monitor performance, mediate conflicts, and oversee succession processes. By contrast, Chinese family firms focus more on maintaining socioemotional wealth—such as family unity and reputation—rather than financial performance alone (Xiu, 2019). This difference often results in Chinese firms prioritizing familial ties over efficiency in control allocation, which can hinder innovation but foster continuity (Jian et al., 2024).

Moreover, the media plays a unique role in influencing governance and innovation efficiency during succession in Chinese firms. Media attention can enhance the firm's reputation and stimulate innovation by encouraging better governance practices, indirectly affecting *guanxi*-based decision-making (Jian et al., 2024). Additionally, participation in family business chambers improves the managerial and communication skills of successors, reinforcing their standing within the family and business (Lu et al., 2021).

While guanxi remains a dominant informal governance mechanism in Chinese family firms, Western family businesses tend to rely on formal corporate governance structures, such as independent boards, legal accountability, and performance-based succession mechanisms.

In contrast to guanxi's reliance on relational trust and socioemotional cohesion, Western governance systems prioritize objectivity, transparency, and external stakeholder accountability (Le Breton-Miller et al., 2004). This results in professional boards of directors playing central roles in conflict mediation and performance oversight.

Moreover, the concept of socioemotional wealth (SEW), although applicable in both contexts, plays out differently. In China, SEW preservation is often embedded in relational continuity through guanxi, while in the West, it is more institutionalized via legal and procedural mechanisms (Du & Cao, 2023).

A recent comparative study by Fang, Lyu, and Dou (2025) highlights that Chinese firms emphasize intergenerational trust and family loyalty, whereas Western counterparts emphasize meritocracy and open succession competition. The study also notes that the informality of guanxi can both facilitate agility and undermine innovation, especially in fast-evolving market contexts.

These findings underline the dual challenge for Chinese family firms: how to maintain the cohesion and continuity enabled by guanxi, while adapting to modern governance expectations that ensure competitiveness and accountability.

In essence, *guanxi*-oriented control in Chinese family firms presents a double-edged sword. On the one hand, it offers stability and continuity across generations. On the other hand, it may inhibit external managerial participation and reduce operational flexibility (Xiang-Yao & Yi-He, 2015). As China's economy and regulatory environment evolve, family firms must find a balance between leveraging *guanxi* and adopting formal governance structures to maintain competitiveness (Lingyun, 2019).

2.3.4 Environmental factors

(1) Industry background

Industry background refers to the competitive strength of the industry to which the family business belongs and industry regulations. A family business in the industry to which it belongs to a very competitive advantage, often in the process of inheritance is easy to the heirs to produce a strong sense of family pride, easy to cultivate the inheritance of the heirs of the willingness to inherit and confidence. Ambrose (1983) proposed that the family business in the industry of the competitive environment tends to potential heirs to join the willingness to have a certain impact.

(2) Social background

Family business succession is significantly influenced by the broader social context in which the family and the business are embedded (Handler, 1994). The social context includes culture, social norms, ethics, beliefs, laws, and many other aspects. Different social cultures do not have to influence the inheritance of family businesses. Similarly, in China's special social background with special social culture, such as "family" culture, socialist transition economy, unique moral norms and the immaturity of the legal environment will also affect the inheritance of the family business.

2.3.5 Definition of Successful Transmission

Sharma (2001) categorizes inheritance satisfaction into two key areas: transmission process satisfaction and satisfaction with the inheritance effect. Transmission process satisfaction includes initial satisfaction with the succession plan, the training and selection of successors, and communication among family members. Retrospective satisfaction focuses on post-succession performance, monitoring, and the role of the incumbent after stepping down.

Chinese family firms emphasize informal succession mechanisms, where tacit knowledge and social capital are pivotal in the process (Lingyun, 2019). Family firms often rely heavily on the incumbent's experience, where guanxi networks play a critical role in intergenerational knowledge transfer and decision-making (Cheng-Bin & Shou-Xiang, 2013). Research suggests that the willingness of successors and incumbents to cooperate directly influences the efficiency of succession, with co-management arrangements improving performance (Xiang-Yao & Yi-He, 2015).

In contrast to Western family firms, Chinese family businesses face unique challenges stemming from cultural expectations, such as the significance of maintaining family control (Yingyu, 2019). Investment efficiency is another crucial factor: during succession, family firms often optimize resource allocation to balance innovation and family priorities, with the impact of external governance mechanisms, such as media attention, playing a significant role (Jian et al., 2024). Additionally, control structures in Chinese family firms, which emphasize father-son co-governance, foster efficient investment and continuity during transitions (Chuntian & Aimin, 2023). However, these control mechanisms also introduce agency risks, particularly when incumbents retain significant authority during transitions.

The outcomes of intergenerational succession are often linked to the ability to codify tacit knowledge, as successful transitions hinge on more than operational metrics (Lee, 2021). Beyond financial success, the preservation of socioemotional wealth plays a critical role, guiding strategic decisions (Xiu, 2019). Furthermore, access to external networks, such as business chambers, strengthens the social and managerial knowledge of successors, enhancing their ability to lead the family business post-transition (Lu et al., 2021).

Thus, while satisfaction with the inheritance effect in Chinese family firms aligns with financial and developmental success, it is equally shaped by family cohesion, the preservation of social capital, and the ability to maintain innovation under resource-limited conditions (Yin et al., 2016).

2.4 Critical Perspective on Enterprise Network Research

While the previous sections have focused on the socio-cultural and governance dimensions of succession, the study of enterprise networks offers a complementary yet distinct perspective on how relationships with external stakeholders shape succession readiness. Understanding how family firms embed themselves within broader business ecosystems—through supply chains, industry associations, and guanxi-based alliances—provides critical insight into both resource access and legitimacy transfer during succession. This thematic bridge underscores that the effectiveness of governance and leadership transitions cannot be evaluated in isolation from the external relational environment in which the firm operates.

Enterprise networks, encompassing both formal alliances and informal relational ties, have been widely recognized as pivotal in shaping the succession dynamics of family firms. The prevailing literature (e.g., Anderson et al., 2005; Jack et al., 2010) often emphasizes the positive contributions of such networks, citing their role in facilitating access to resources, enhancing legitimacy, and supporting knowledge transfer between generations. However, much of this body of work is primarily descriptive and assumes a largely unidirectional, beneficial effect, without adequately accounting for the contextual contingencies and potential drawbacks inherent in network structures.

A critical examination reveals several conceptual and empirical gaps. First, the static treatment of networks—where relationships are perceived as fixed assets—overlooks their dynamic evolution across the firm's life cycle. During succession, the composition, density, and strategic value of networks can change dramatically, yet longitudinal analyses capturing these shifts are scarce. Second, the assumption of uniformly positive outcomes fails to address adverse network effects such as overembeddedness, where excessive reliance on long-standing ties may constrain strategic renewal, inhibit the adoption of novel practices, or perpetuate path dependencies misaligned with changing market conditions. Third, in some contexts, networks may become conduits for conflicts of interest, information asymmetries, or the entrenchment of unproductive actors, which can undermine succession planning and execution.

In the Chinese cultural and institutional setting—particularly in Jiangsu's family enterprises—guanxi-based networks play an especially nuanced role. On one hand, strong relational obligations can facilitate rapid mobilization of support, access to capital, and policy advantages during ownership transitions. On the other hand, these same obligations may reinforce hierarchical decision-making patterns, limit the inclusion of external professional managers, and prioritize relationship preservation over meritocratic succession decisions. Existing research has seldom disentangled the dualistic nature of guanxi within different life cycle stages, nor has it systematically examined how governance reforms can mediate its influence during generational change.

Moreover, there is a methodological gap in integrating network analysis with other theoretical lenses relevant to family business succession, such as life cycle theory, socio-emotional wealth, and institutional theory. Most studies examine networks in isolation, neglecting how their impact may be amplified or diminished by governance structures, cultural norms, or environmental turbulence. This omission is particularly salient given that succession planning is rarely a purely internal process; it is embedded within a nexus of external relationships whose strategic value must be continually reassessed.

Addressing these gaps, the present study situates enterprise networks within a stage-contingent, culturally embedded framework. By linking network dynamics to the firm's position in the life cycle and to broader governance and cultural contexts, this approach offers a more nuanced understanding of when and how networks contribute to—or impede—succession outcomes. This critical perspective not only challenges the overly optimistic assumptions of prior literature but also provides a foundation for developing adaptive network strategies that align with both strategic renewal and the preservation of family values across generations.

While existing enterprise network research has made significant contributions to understanding how inter-organisational relationships facilitate resource exchange, innovation, and strategic positioning, much of this body of work remains rooted in Western contexts, where institutional environments are relatively transparent and governance relies heavily on formal contracts. This creates a gap in applicability to Chinese family businesses, where *guanxi*-based relationships, informal trust, and government connections play an equally, if not more, decisive role. Furthermore, the majority of studies emphasise network benefits without adequately addressing potential downsides, such as over-reliance on personal ties, vulnerability to political shifts, or the risks of nepotism in closed networks.

In the context of Chinese family business succession, these limitations are particularly relevant. The interplay between formal governance mechanisms (e.g., family charters, shareholder agreements) and informal relational governance is often complex, requiring successors to navigate both spheres simultaneously. This duality is underexplored in existing literature, leaving a gap for research that integrates relational norms, cultural heritage, and institutional realities into network theory. Therefore, a more context-sensitive approach—acknowledging the unique strategic, cultural, and political dimensions of Chinese enterprise networks—is essential for advancing both theoretical understanding and practical guidance.

In sum, the literature reveals that succession in Chinese family businesses is the product of a multi-layered interplay between internal governance, incumbent–successor relationships, and the external enterprise network. Yet, existing scholarship tends to address these domains in isolation, resulting in fragmented insights that may overlook cross-domain effects. By structuring this literature review to progressively link these elements, this thesis creates a coherent conceptual foundation for empirical inquiry. The next chapter builds on this foundation by detailing the mixed-methods research design, explicitly operationalizing the reviewed concepts into measurable variables and qualitative themes.+++

3.Research Design

3.1Research Areas and Targets

Jiangsu is one of the first developed regions in China's market economy, with a booming private economy, and most private enterprises in Jiangsu belong to family enterprises, making Jiangsu's family enterprises highly representative. To make the sample as consistent as possible with the overall actual situation, that is, the southern part of Jiangsu Province is more economically developed, the sampling research is particularly focused on the selection of samples in the southern part of Jiangsu Province.

Most of the current research on family business succession in international academia is qualitative in nature and generally spans a long period of time, perhaps spanning 15-20 years. Therefore, in fact, there is no clear starting and ending time for the process of family enterprise inheritance. To keep this uncertainty within a controllable range, this thesis defines family enterprise inheritance in such a way that if the incumbent of a family enterprise transfers some or all its power to the heirs, it is considered that the process of inheritance has begun.

Given the rapid growth and dynamic nature of family businesses in Jiangsu, this study leverages practical involvement in these enterprises to provide nuanced insights into succession processes. As a practitioner actively involved in the management and succession processes of these family businesses, I play a crucial role in understanding and influencing these dynamics firsthand. By being actively engaged in the management and succession planning of family businesses, this research benefits from direct observations and real-time data, bridging the gap between theoretical frameworks and practical application. This approach enriches the study, making its findings more applicable and relevant to both scholars and practitioners in the field. By being actively engaged in the management and succession planning of family businesses, this research benefits from direct observations and real-time data, bridging the gap between theoretical frameworks and practical application. This approach enriches the study, making its findings more applicable and relevant to both scholars and practitioners in the field.

Based on the details of the research on succession planning in family businesses, here are some potential research hypotheses that could be derived from the study:

1. Hypothesis 1 (H1): Incumbent factors such as willingness to leave and personality traits significantly influence the succession process in family businesses at different lifecycle stages.
2. Hypothesis 2 (H2): Successor readiness and competence are positively correlated with successful succession outcomes, with greater alignment to business strategic goals enhancing the effectiveness of the succession.
3. Hypothesis 3 (H3): Strong interpersonal relationships between the incumbent and the successor facilitate a smoother transition and increase the likelihood of succession success.
4. Hypothesis 4 (H4): Organizational strategies that integrate succession planning into the broader business development plans are more likely to result in successful leadership transitions.
5. Hypothesis 5 (H5): Environmental factors, including cultural, socio-ethical, and legal contexts, have a significant impact on the formulation and execution of succession plans in family businesses.

These hypotheses aim to explore the multifaceted nature of family business succession, focusing on the roles of individual characteristics, relational dynamics, strategic alignment, and external influences in shaping the outcomes of leadership transitions. The practical engagement with family businesses in Jiangsu provides a robust basis for examining these hypotheses. As a practitioner with firsthand experience in managing or advising family business succession in this region, I contributed direct insights into several of the processes under study. This ensured that the research captures both theoretical perspectives and real-world practices..

The adoption of a mixed-methods approach is particularly well-suited to the study of family business succession in China due to the complex interplay between measurable organisational factors and deeply embedded socio-cultural dynamics. Quantitative analysis allows for the systematic testing of hypothesised relationships—such as the link between incumbent characteristics and succession outcomes—across a relatively large sample, thereby enhancing the statistical generalisability of the results. In contrast, qualitative interviews provide rich, nuanced insights into the lived experiences, motivations, and perceptions of stakeholders, which are often shaped by cultural values, interpersonal relationships, and informal governance norms.

By integrating these two strands of evidence, the research not only strengthens its internal validity through methodological triangulation but also bridges the gap between numerical patterns and contextual interpretation. This approach is aligned with Creswell and Plano Clark's (2018) advocacy for mixed methods in research domains where neither quantitative nor qualitative approaches alone can fully capture the phenomenon under investigation. In the Chinese context, where both formal business metrics and *guanxi*-driven relational factors influence succession outcomes, the mixed-methods design ensures that the findings are both empirically grounded and culturally resonant.

3.2Research Methodology

This study employs a mixed-methods approach, integrating both quantitative and qualitative research methodologies to comprehensively address the research questions and hypotheses derived from domestic and international literature, as well as the specific context of Chinese family businesses. The choice of a mixed-methods approach is justified by the complexity of family business succession, which involves multifaceted interactions between individual, organizational, and environmental factors.

The choice of a mixed-methods design is not only a methodological preference but also a deliberate alignment with the cultural realities of researching Chinese family businesses. In the Chinese socio-cultural context, particularly within privately owned family firms, the sharing of sensitive information—especially regarding succession, governance disputes, and intra-family dynamics—requires a foundation of trust and relational reciprocity (guanxi). Quantitative surveys alone may fail to capture the nuance of these dynamics, as respondents could provide socially desirable rather than candid responses when faced with impersonal questionnaires.

Conversely, qualitative interviews conducted after initial survey engagement enable deeper exploration, leveraging the trust built through prior contact. This staged approach reflects the culturally embedded principle of "先礼后言" (establish rapport before substantive discussion), ensuring that participants feel respected and understood before being asked to disclose sensitive insights.

Furthermore, Chinese family businesses operate in an environment where formal governance structures coexist with informal relationship-based decision-making. A mixed-methods design allows the researcher to quantify patterns while also unpacking the informal, culturally embedded processes that underpin these patterns. This dual capability is crucial for generating findings that are both empirically robust and contextually authentic. By integrating statistical trends with culturally grounded narratives, the research design ensures that conclusions resonate with both academic audiences and the lived experiences of Chinese family business stakeholders.

The recruitment of participants followed a multi-stage purposive sampling process to ensure coverage of diverse family business profiles across different industries, firm sizes, and generational stages. Initial contact lists were generated through professional networks, family business associations, and alumni connections from the researcher's academic institution. Potential participants received an invitation email or WeChat message outlining the research objectives, participation requirements, and confidentiality assurances.

Informed Consent: Prior to participation, all respondents were provided with a bilingual (Chinese/English) informed consent form explaining the voluntary nature of the study, the right to withdraw at any time, and the measures taken to protect personal and business confidentiality. Consent was obtained in writing for both the survey and interview components.

Data Collection Protocols: Surveys were administered electronically via a secure online platform, while interviews were conducted in person or via encrypted video conferencing tools to accommodate geographical constraints. Each interview followed a semi-structured guide, allowing for flexibility in probing context-specific issues while maintaining thematic consistency across cases.

Replicability Measures: To ensure the research process can be replicated, all instruments (survey questionnaires, interview guides) were archived, and detailed field notes were maintained to record contextual factors and deviations from planned procedures. Audio recordings of interviews (with participant consent) were transcribed verbatim, coded, and stored securely. These steps provide a transparent audit trail, enabling other researchers to replicate the study's methodological approach.

3.2.1 Quantitative Methods

The quantitative aspect of this research is designed to empirically test the hypotheses related to family business succession. Quantitative data essential for empirical analysis are collected through a structured questionnaire. This questionnaire is meticulously designed to assess key variables such as incumbent personality, willingness to leave, successor readiness, and organizational strategies. These variables are operationalized based on established scales and metrics found in the literature, ensuring the validity and reliability of the measurements.

The questionnaire is systematically distributed to a carefully selected sample of family business stakeholders across various industries in China. The sampling strategy is purposive, focusing on family businesses in economically diverse regions of Jiangsu Province to ensure a representative and diverse data set. This approach allows for capturing a wide range of experiences and practices, enhancing the generalizability of the findings (Creswell & Plano Clark, 2017).

The survey includes Likert-scale questions designed to measure attitudes and perceptions, as well as demographic questions to gather background information on the respondents. The data collected through these questionnaires will be analyzed using statistical methods such as correlation analysis and multiple regression analysis to test the relationships between the identified variables and to validate the proposed hypotheses (Field, 2013).

The quantitative phase of this study yielded 141 valid questionnaire responses from family enterprises in Jiangsu Province. While this sample size is sufficient for the statistical analyses performed (e.g., factor analysis, correlation analysis, ANOVA), it is slightly below the optimal threshold for maximizing external validity. This limitation stems from the challenges of accessing decision-makers in family businesses, the time constraints of the research schedule, and the targeted sampling approach focused on firms undergoing or preparing for succession. As such, while the findings are robust within the study’s context, caution should be exercised when generalizing them to all family enterprises in China or to other cultural and institutional settings.

3.2.2 Qualitative Methods

In parallel, qualitative data are gathered through semi-structured interviews with selected participants who represent typical cases within the scope of this research. These interviews aim to delve deeper into individual experiences and insights, providing a nuanced understanding of the interpersonal, organizational, and environmental factors that impact succession planning in family businesses. The qualitative component is crucial for capturing the context-specific dynamics that quantitative methods might overlook.

The semi-structured interview format is chosen for its flexibility, allowing interviewees to express their views freely while ensuring that all relevant topics are covered (Merriam & Tisdell, 2015). Interview questions are designed to explore themes such as the interpersonal relationships between incumbents and successors, the role of family culture in succession, and the impact of external environmental factors. These interviews will be transcribed and analyzed using thematic analysis to identify common patterns and themes (Braun & Clarke, 2006).

The selection of interview participants is purposive, focusing on key stakeholders such as current incumbents, potential successors, and other family members involved in the business. This ensures a comprehensive view of the succession process from multiple perspectives. The qualitative data will complement the quantitative findings by providing deeper insights into the reasons behind observed statistical relationships.

To ensure transparency and methodological rigour, the qualitative analysis followed Braun and Clarke's (2006) six-phase thematic analysis process: (1) familiarisation with the data through multiple readings of interview transcripts; (2) generation of initial codes in NVivo based on both deductive (research questions and conceptual framework) and inductive (emerging concepts) logics; (3) searching for themes by grouping related codes; (4) reviewing themes for coherence and alignment with the data; (5) defining and naming themes; and (6) producing the thematic narrative with illustrative quotes.

The NVivo coding framework consisted of a hierarchical structure, with parent nodes representing the main constructs of the research model (e.g., incumbent characteristics, successor preparation, governance mechanisms) and child nodes capturing more granular patterns (e.g., "founder reluctance," "phased equity transfer," "guanxi leverage"). This allowed for systematic comparison between cases and facilitated the integration of qualitative themes with quantitative results.

To enhance coding reliability, a code-recode strategy was employed: the primary researcher revisited coded transcripts after a two-week interval to ensure consistency, with an agreement rate exceeding 90%. Peer debriefing was also conducted with an academic colleague experienced in qualitative analysis to cross-check the thematic structure and address potential researcher bias. These procedures strengthened the trustworthiness of the findings, ensuring that the identified themes accurately reflected participants' perspectives while maintaining alignment with the study's research objectives.

3.2.3 Justification for Mixed-Methods Approach

The integration of quantitative and qualitative methods provides several advantages. Quantitatively, it allows for the testing of hypotheses and the establishment of general patterns and relationships between variables. Qualitatively, it offers depth and context to these patterns, explaining why and how certain factors influence succession outcomes. This methodological triangulation enhances the validity and reliability of the research findings, making them more robust and applicable to real-world settings (Johnson, Onwuegbuzie, & Turner, 2007).

By combining the breadth of quantitative data with the depth of qualitative insights, this study aims to provide a comprehensive understanding of family business succession. This approach is particularly suited to the study of complex social phenomena like family business succession, where both measurable outcomes and the underlying processes that drive these outcomes are of interest.

3.2.4 Data Analysis

The empirical analysis in this chapter is directly grounded in the conceptual framework developed in Chapter 2. Each of the framework's core dimensions has been operationalized into measurable variables derived from the survey and interview data. The *macro-environmental factors* identified in the framework are reflected in variables such as industry competition, regulatory environment, and economic stability. The *succession motivation* dimension is captured through measures of successor readiness, willingness to assume leadership, and alignment with family values. *Governance and management structure* is examined via board composition, decision-making processes, and the presence of formal succession plans. Finally, *enterprise networks* are analyzed through indicators of external partnerships, stakeholder engagement, and access to resources. This mapping ensures that the analysis that follows is not only data-driven but also firmly anchored in the theoretical propositions set out earlier, enabling a coherent interpretation of results in light of the study's guiding model.

Quantitative data will be analyzed using statistical software such as SPSS. Descriptive statistics will provide an overview of the sample characteristics, while inferential statistics will test the proposed hypotheses. Techniques such as multiple regression analysis, factor analysis, and structural equation modeling (SEM) may be used to explore the relationships between variables and to identify key predictors of successful succession (Kline, 2015).

Qualitative data will be analyzed using NVivo for coding and theme development. Thematic analysis will be employed to identify recurring patterns and insights across the interview transcripts. This process will involve coding the data, identifying themes, and interpreting the findings in the context of the existing literature and the study's research questions (Braun & Clarke, 2006).

This research adheres to ethical guidelines to ensure the integrity and confidentiality of the data collected. Participants will be informed about the purpose of the study, and their consent will be obtained before data collection. Confidentiality will be maintained by anonymizing participant information and securely storing data. Ethical approval will be sought from the relevant institutional review boards before commencing the study.

3.3Questionnaire and Interview Design

Through an in-depth analysis of the factors influencing the inheritance of family firms, we discuss the extent to which each type of factor influences successful inheritance and identify the factors influencing the successful inheritance of family firms as well as the interrelationships between endogenous and exogenous variables. The questionnaire of this study is based on the sample unit of family enterprises in Jiangsu Province, and it is distributed to the incumbents, heirs, or stakeholders familiar with the situation of the enterprises. The questionnaire consists of four main parts:

(1) Description of the questionnaire

At the beginning of the questionnaire, the starting point of the research is explained and it is stated at the beginning that the seriousness of the respondent's answers is extremely important for the research. At the same time, the use of the resultant data obtained from the questionnaire is explained, as well as its confidentiality. Finally, the respondents are thanked for their support and prompted to answer.

(2) Basic information survey

This section includes basic information about the respondent and his/her family business, including the gender of the respondent, yearly collar, the generation of children in the family business, size, industry, company form, proportion of shares held by the family business, stage of development of the family business, as well as information on the background and intention of inheritance. This part of the survey on the stage of development of the family business is intended to be used as a control variable to analyze the data later in the study. Other information can be used to further understand the status of family businesses at this stage.

(3) On the factors affecting the inheritance process of family businesses

Based on the theoretical framework mentioned above, the four levels of influencing factors in the questionnaire are refined and transformed into easy-to-understand language, which makes it easy for the respondents to understand and answer correctly. At the same time, the questionnaire is scored on a 7-point Likert scale with 23 questions to measure the four levels of influencing factors.

(4) Satisfaction about the inheritance process and inheritance effect

Similarly, based on the theoretical foundation of the previous section, this section refines and measures successful inheritance in terms of satisfaction with the inheritance process and inheritance effect. To ensure the consistency of statistical methods and standards, the Likert 7-point scale is also used in this section.

Overall, the questionnaire is built on the basis of many theories such as the previous family business, with reference to the scale used in the classic literature to design, through the expression of simple plain language to ensure that the respondents to each question as true as possible, and rely on the collection of large samples of data and statistics, and ultimately access to the thesis in the statistics, the analysis of the data required to arrive at the successful inheritance of the family business of the relationship between the factors affecting the success of the family business as well as the core factors affecting the inheritance.

In order to supplement the details in the research questionnaire scale that may have been neglected by the datamining, this study also designed an interview outline to supplement the details of the study with the content of the interview as a classic case study, and in order to ensure the consistency of the research, the design of the interview outline basically follows the content of the research questionnaire.

3.4 Analytical Tools

To organize and analyze the unstructured data obtained from the research questionnaires and interviews, the results of the questionnaire survey and interviews will be analyzed in this study using SPSS and NVivo respectively.

SPSS (Statistical Package for the Social Sciences) is a widely used statistical analysis software, particularly favored by researchers in the social sciences. It provides extensive data management capabilities and robust statistical analysis tools. Users can enter, process, and analyze questionnaire data efficiently. SPSS supports a variety of complex data analysis techniques, including descriptive statistics, regression analysis, ANOVA, and more. For example, descriptive statistics will help summarize the central tendencies, variability, and distribution of the data, providing an overview of respondents' characteristics and their responses. Regression analysis can be applied to examine the relationships between variables, identifying significant predictors of successful succession. For instance, it could be used to determine how factors like the incumbent's willingness to leave or successor readiness influence the success of the succession process. ANOVA can compare means among different groups to identify statistically significant differences, such as differences in succession success rates across various lifecycle stages of family businesses.

Moreover, SPSS has a user-friendly interface that supports drag-and-drop operations and menu-driven command input, which is beneficial for even novice statisticians. An example of its practical application would be generating frequency tables and cross-tabulations to visualize data trends and relationships, which aids in hypothesis testing and interpretation. For instance, cross-tabulations can be used to explore the relationship between the incumbent's personality traits and the perceived success of the succession process (Pallant, 2020).

NVivo is a specialized software tool designed for qualitative data analysis and is widely used in fields such as education, health, and market research. It allows researchers to organize and analyze unstructured data such as interview transcripts, videos, audios, and text documents. NVivo supports in-depth content analysis and theme exploration, helping users extract themes and patterns from large amounts of data. For instance, using NVivo, a researcher can code responses from interviews to identify recurring themes related to incumbent personality traits or successor readiness. This involves categorizing segments of text and examining the frequency and context of specific terms or phrases (Bazeley & Jackson, 2013).

NVivo provides powerful query and visualization tools that enable researchers to present findings effectively. For example, word clouds can be used to highlight prevalent terms, while matrix coding queries can show intersections between different themes. These visualization tools help in understanding complex data and presenting it in an accessible manner. NVivo also supports multi-user collaboration, making it easy for research teams to work together to analyze and discuss data. This collaborative feature ensures diverse perspectives are considered, enriching the analysis and enhancing the credibility of the findings (Edhlund & McDougall, 2019).

By employing SPSS and NVivo, this study ensures a comprehensive analysis of both quantitative and qualitative data. SPSS provides the statistical rigor needed to validate the empirical findings, while NVivo offers depth and insight into the qualitative data, capturing the nuanced experiences and perspectives of family business stakeholders. This mixed-methods approach not only strengthens the validity of the results but also provides a more nuanced perspective on the dynamics of succession in family enterprises.

3.5 Ethical Considerations

This study was conducted in full compliance with ethical research standards, with particular attention to the cultural and institutional sensitivities of conducting research in China. Given the relational nature of family enterprises and the potential for reputational risks, strict measures were implemented to protect respondent confidentiality and anonymity.

All participants were provided with an informed consent form outlining the purpose of the study, the voluntary nature of participation, and their right to withdraw at any time. No personal identifiers such as names, company registration numbers, or specific titles were recorded in the dataset. Responses were assigned coded identifiers (e.g., P01, P02) to ensure anonymity during transcription and analysis.

Interview transcripts and survey data were stored in encrypted, password-protected files accessible only to the researcher. Any quotations used in the thesis were paraphrased where necessary to remove identifying details. In cases where organizational context might indirectly reveal identity—particularly for participants in high-profile or unique market positions—descriptive details were generalized to prevent deductive disclosure.

These measures ensured that sensitive business and personal information was safeguarded, thereby minimizing any potential risks to participants while maintaining the integrity and richness of the data collected.

4. Results

The analytical approach adopted in this study followed a convergent parallel mixed-methods design, in which quantitative and qualitative data were collected and analyzed independently before being integrated during interpretation. Quantitative results from the survey (N=141) identified statistically significant correlations between incumbent characteristics, governance variables, and succession outcomes. These results were then triangulated with qualitative interview data to deepen understanding of the mechanisms underlying these patterns.

For example, survey findings that linked higher willingness to leave with smoother succession outcomes were illuminated by interview narratives in which founders described the psychological and relational processes of "letting go." Similarly, correlations between formal governance structures and successor legitimacy were enriched by qualitative accounts explaining how such structures mitigated intra-family conflict.

This integrated approach allowed for mutual validation and elaboration: quantitative data provided generalizability, while qualitative evidence offered contextual richness and explanatory depth. The combination ensured that managerial recommendations were both statistically grounded and culturally nuanced.

4.1Distribution and recovery of questionnaires

A total of 150 questionnaires were distributed and 143 were collected, with a recovery rate of 95.3 percent, of which 2 questionnaires were excluded as invalid because of missing answers to key items or carelessness in filling in the questionnaires, or because individual respondents scored the same points for all the questions, so that the final valid questionnaires were 141, with an effective rate of 94 percent.

Among them, 34 questionnaires were filled out by the incumbent of the enterprise, 85 were filled out by the heirs, and 22 were filled out by other family members or familiar with the situation. The basic information of the surveyed enterprises, such as the gender of the respondents, the assets of the enterprises, the number of employees, the industry they belong to, the shares of the enterprises owned by the family, and the stage of the life cycle of the company, are shown in the table below.

Table 2 Basic statistics on family businesses

Indicators	Indicator value	Sample size	Percentage
Gender	Male	104	73.8
	Female	37	26.2
Enterprise assets	Less than 5 million	12	8.5
	5-10 million	12	8.5
	10-50 million	40	28.4
	50-100 million	61	43.3
	Above 100 million	16	11.3
Number of employees	Less than 50	47	33.3
	51-100	46	32.6
	101-500	41	29.1
	More than 500 people	7	5.0
Industry	Agriculture, forestry, animal husbandry, fisheries extractive industries	5	3.5
	Manufacturing	1	0.7
	Electricity, gas and water production Electricity, gas and water production and supply	59	41.8

	Construction	2	1.4
	Transportation and Warehousing		
	Information Technology	21	14.9
	Wholesale and retail trade	5	3.5
	Finance and insurance	7	5.0
	Real Estate	8	5.7
	Social Services	2	1.4
	Communication and Cultural Industries	5	3.5
	Others	10	7.1
Family shareholding	Less than 50%	11	7.8
	50%	3	2.1
	Above 50%	126	89.4
Life cycle of the business	Start-up period	17	12.1
	Development	44	31.2
	Maturity	64	45.4
	Decline	16	11.3

4.2 Descriptive statistics

This table provides a comprehensive summary of the descriptive statistics for data collected using a 1 to 7 Likert scale, where 1 represents the lowest and 7 the highest agreement or frequency level. The sample size for each group is uniformly 141, which provides a substantial basis for statistical analysis and generalization of findings.

Examining the skewness across the dataset, we observe a tendency for leftward skew, or negative skewness, in most of the variables. This implies that respondents were more inclined to choose the higher end of the scale. In psychological and behavioral science, such a pattern might indicate a positive bias or a tendency to agree with the statements presented. Notable are the items such as `proc2` and `firm1`, which exhibit a more pronounced leftward skewness, reflecting a clustering of responses at the upper end of the scale, suggesting a stronger agreement or prevalence of the attribute being measured.

The kurtosis values provide insight into the peakedness of the distributions. The majority of the variables show a kurtosis near zero, which indicates a distribution shape that resembles the normal distribution. However, some variables exhibit high positive kurtosis, such as `proc2`, which suggests a more acute peak and heavier tails - a sign that responses are clustered around the mean but with occasional extremes. In contrast, variables like `firm3` show a negative kurtosis, indicative of a flatter distribution and suggesting a more varied spread of responses.

Overall, the quality of the data seems reliable with consistent use across the full range of the scale. The mean values indicate moderate to high levels of the attributes measured. The negative skewness and mixed kurtosis values indicate that while the majority of responses are clustered towards the higher end, there are variations in how respondents use the scale. This nuanced use of the scale can provide richer information about the respondent's attitudes and experiences but may require careful consideration in subsequent analyses to account for the non-normal distribution.

Table 3 Descriptive statistics

	N	Mean	Standard Deviation	Variance	Skewness	Kurtosis	Minimum	Maximum
holder1	141	5.28	1.465	2.148	-0.753	0.247	1	7
holder2	141	4.99	1.781	3.171	-0.663	-0.347	1	7
holder3	141	4.60	1.463	2.141	-0.671	0.535	1	7
secc1	141	5.38	1.312	1.722	-0.668	-0.061	2	7

secc2	141	5.39	1.200	1.440	-0.316	0.119	1	7
secc3	141	5.54	1.180	1.393	-0.412	0.029	1	7
secc4	141	4.91	1.452	2.107	-0.063	-0.690	2	7
secc5	141	5.65	1.237	1.530	-0.764	-0.160	2	7
secc6	141	5.54	1.118	1.250	-0.348	-0.625	2	7
secc7	141	5.52	1.175	1.380	-0.432	0.138	1	7
rela1	141	5.28	1.342	1.802	-0.699	0.124	1	7
rela2	141	5.16	1.470	2.161	-0.630	-0.151	1	7
rela3	141	5.44	1.233	1.520	-0.381	-0.142	1	7
firm1	141	5.65	1.260	1.588	-0.867	0.610	1	7
firm2	141	4.94	1.582	2.503	-0.629	-0.063	1	7
firm3	141	5.39	1.145	1.311	-0.001	-1.250	3	7
firm4	141	5.56	1.256	1.577	-0.742	0.791	1	7
firm5	141	5.38	1.334	1.779	-0.279	-0.803	2	7
firm6	141	5.29	1.239	1.536	-0.457	0.437	1	7
envi1	141	5.55	1.052	1.106	-0.441	-0.230	2	7
envi2	141	5.12	1.815	3.293	-0.735	-0.362	1	7
envi3	141	5.45	1.239	1.535	-0.121	-1.262	3	7
envi4	141	4.82	1.364	1.861	0.172	-0.520	2	7
proc1	141	4.78	1.512	2.287	-0.524	0.272	1	7
proc2	141	5.41	1.265	1.601	-1.074	2.260	1	7
proc3	141	5.00	1.454	2.114	-0.792	1.191	1	7
proc4	141	5.24	1.341	1.799	-0.956	1.356	1	7
proc5	141	5.21	1.252	1.569	-0.522	0.239	1	7
effe1	141	4.11	1.720	2.958	-0.033	-0.797	1	7
effe2	141	4.72	1.670	2.787	-0.608	-0.285	1	7
effe3	141	4.04	1.870	3.498	-0.129	-0.828	1	7

4.3 Exploratory factor analysis (EFA)

In the research model of this thesis, as shown in the table above, there are 31 observed variables, and in order to condense the data and construct the variable structure, the variables that have been categorised in the thesis will be confirmed by further factor tests. In the previous thesis, the independent variables are divided into four levels, namely, personal level, interpersonal level, organisational level and environmental level, in which the personal level encompasses the incumbent and their two perspectives taking into account the incumbent and heir, the individual level of the success of the family business inheritance will have a different impact will be, the independent variables of the factor assumption of five, the factor assumption of the dependent variable is one that is the success of the inheritance. In view of this, the hypothesis of the factors in this thesis is a total of six factors, this thesis will use SPSS26 to test whether the data is suitable for factor analysis.

Factor analysis this thesis used KMO measure and Bartlett's sphere test results. The test results are shown in the table below.

Table 4 KMO and Bartlett's test

KMO Number of sampling fitness quantities.		0.805
Bartlett's test of sphericity	Approximate chi-square	3470.027
	Degrees of freedom	465
	Significance	0.000

The KMO measure is 0.805, indicating a high degree of common variance among variables, making the dataset suitable for factor analysis. Values closer to 1 suggest stronger inter-correlations and thus better suitability for factor analysis. Typically, a KMO value above 0.6 is considered acceptable.

Bartlett's test of sphericity results in an approximate chi-square of 3470.027 with 465 degrees of freedom and a significance level of 0.000. This test assesses the overall correlation within the dataset and supports the suitability of factor analysis by rejecting the null hypothesis that the variables are uncorrelated at a significance level much lower than the standard 0.05, confirming significant correlations among variables.

Table 5 Total Variance Decomposition Table

Component	Initial Eigenvalue			Extracted load sum of squares			Rotated load sum of squares		
	Total	Percentage variance	Cumulatiofve %	Total	Percentage variance	Cumulatiofve %	Total	Percentage variance	Cumulatofive %
1	10.692	34.490	34.490	10.692	34.490	34.490	6.155	19.856	19.856
2	3.835	12.371	46.861	3.835	12.371	46.861	5.194	16.756	36.612
3	2.303	7.431	54.292	2.303	7.431	54.292	3.230	10.419	47.031
4	2.042	6.586	60.878	2.042	6.586	60.878	2.622	8.458	55.489
5	1.607	5.185	66.063	1.607	5.185	66.063	2.589	8.352	63.841
6	1.302	4.200	70.263	1.302	4.200	70.263	1.991	6.422	70.263
7	0.985	3.177	73.441						
8	0.885	2.856	76.297						
9	0.826	2.663	78.960						
10	0.723	2.333	81.293						

This table presents the results from a factor analysis, detailing the eigenvalues and variance explained by each component before and after rotation. Initially, the first component has an eigenvalue of 10.692, explaining 34.490% of the variance, which is a substantial portion, indicating that this component captures a significant amount of information. Cumulatively, the first two components account for 46.861% of the variance, highlighting their importance in the data structure.

Upon rotation, which is typically performed to achieve a simpler and more interpretable factor structure, the variance explained by the components changes. The rotated sum of squares shows that the first component now explains a lesser percentage of the variance at 19.856%, while the second component explains slightly more at 16.756%. This redistribution often enhances the interpretability of the components, making it clearer how each factor contributes to the overall variance.

By the sixth component, a cumulative total of 70.263% of the variance is explained, which might be considered sufficient for many practical purposes, depending on the field and complexity of the dataset. Components beyond the seventh are not extracted, suggesting that they contribute less significantly to explaining the variance in the dataset. This selection process is crucial for reducing dimensionality while retaining most of the information.

Table 6 Table of 6 factor loadings after rotation

	Component					
	1	2	3	4	5	6
holder1	-0.170	0.052	-0.018	-0.039	0.648	-0.115
holder2	0.092	0.124	0.072	-0.450	0.729	0.009
holder3	0.158	0.355	-0.146	0.181	0.729	0.038
secc1	0.745	0.073	0.141	0.091	0.125	0.046
secc2	0.639	0.054	0.333	0.410	-0.028	0.128
secc3	0.733	0.175	0.295	0.175	-0.004	0.144
secc4	0.637	0.234	-0.055	0.184	-0.139	0.291
secc5	0.632	0.125	-0.051	0.451	0.245	0.104
secc6	0.760	0.296	0.146	0.138	-0.026	-0.136
secc7	0.730	0.093	0.234	0.225	-0.021	0.160
rela1	0.289	0.304	0.068	0.699	0.002	0.244
rela2	0.186	0.239	0.186	0.793	-0.135	0.127
rela3	0.319	0.464	0.403	0.452	-0.065	-0.001
firm1	0.245	0.037	0.782	0.021	0.023	0.057
firm2	-0.187	0.270	0.578	0.008	0.519	0.161
firm3	0.457	0.132	0.587	0.157	-0.115	0.250
firm4	0.265	-0.009	0.771	0.173	0.018	-0.132
firm5	0.421	0.147	0.664	-0.002	-0.252	0.245
firm6	0.709	0.156	0.196	-0.172	-0.240	-0.068

envi1	0.683	0.179	0.186	0.064	-0.185	0.076
envi2	-0.097	0.263	0.176	0.078	-0.164	0.731
envi3	0.565	-0.047	0.134	0.011	0.267	0.594
envi4	0.331	0.035	-0.028	0.205	-0.002	0.738
proc1	0.114	0.843	0.288	0.091	0.081	0.054
proc2	0.364	0.535	0.296	0.146	-0.410	0.163
proc3	0.120	0.871	0.091	0.087	0.171	0.010
proc4	0.329	0.640	0.140	0.369	-0.245	0.085
proc5	0.244	0.613	0.037	0.446	-0.036	-0.072
effe1	-0.201	0.656	0.125	0.197	0.362	0.184
effe2	0.311	0.841	-0.010	0.003	0.182	0.045
effe3	0.183	0.748	-0.194	0.047	0.149	0.181

According to the factor loading matrix it is seen that some of the variables loaded more on the factor some of the variables had too low factor loadings. Based on the results of previous studies, variables with factor loading coefficients greater than 0.5 were selected. 28 variables were retained with 0.5 as the lower limit of factor loading and this was used to determine the structure of the observed variables. The results of the factor analysis of the remaining variables are shown in the table below.

Table 7 Factor loadings of the remaining variables

	Component					
	1	2	3	4	5	6
holder1	-0.127	0.029	-0.058	0.662	-0.046	-0.086
holder2	0.093	0.121	0.060	0.742	-0.416	0.004
holder3	0.226	0.354	-0.143	0.706	0.177	-0.014
secc1	0.756	0.096	0.164	0.070	0.040	0.003
secc2	0.686	0.085	0.352	-0.098	0.300	0.081
secc3	0.760	0.213	0.308	-0.073	0.057	0.111
secc4	0.615	0.242	-0.008	-0.160	0.218	0.243
secc5	0.682	0.126	-0.027	0.196	0.424	0.050

secc6	0.737	0.321	0.167	-0.076	0.084	-0.152
secc7	0.752	0.129	0.256	-0.087	0.124	0.115
rela1	0.314	0.279	0.091	0.001	0.729	0.217
rela2	0.233	0.214	0.192	-0.148	0.781	0.120
firm1	0.199	0.028	0.790	0.042	0.033	0.064
firm2	-0.178	0.245	0.573	0.559	0.069	0.157
firm3	0.438	0.142	0.619	-0.128	0.159	0.219
firm4	0.252	0.002	0.788	0.000	0.143	-0.153
firm5	0.388	0.162	0.678	-0.262	-0.038	0.243
envi2	-0.075	0.236	0.147	-0.125	0.084	0.780
envi3	0.630	-0.038	0.136	0.231	-0.046	0.553
envi4	0.385	0.018	-0.018	-0.005	0.221	0.706
proc1	0.095	0.848	0.299	0.085	0.109	0.052
proc2	0.337	0.554	0.313	-0.429	0.108	0.165
proc3	0.116	0.877	0.094	0.168	0.088	0.011
proc4	0.312	0.642	0.175	-0.257	0.395	0.064
proc5	0.224	0.592	0.042	-0.029	0.477	-0.049
effe1	-0.181	0.619	0.108	0.404	0.257	0.207
effe2	0.287	0.847	0.009	0.179	0.037	0.033
effe3	0.194	0.756	-0.199	0.139	0.023	0.183

Based on the selection of theoretical hypotheses and considering the operationalization of the variables, the research variables were selected as follows.

Table 8 Variables

NO.	Variables	variable interpretation
1	holder1	Personality of the incumbent
2	holder2	Willingness of incumbents to leave
3	holder3	Incumbent requirements
4	secc1	Succession Intentions
5	secc2	Successor Self-Confidence

6	secc3	Willingness of successors to carry on the legacy
7	secc4	Recognition of the family business by the successor
8	secc5	Successor Learning Capacity
9	secc6	Successor practice capacity
10	secc7	Successor to the family business in helping to bring
11	rela1	Relationship between the incumbent and the successor
12	rela2	Communication between incumbents and successors
13	firm1	Corporate development strategy and the legacy relationship
14	firm2	Heritage programme development and implementation
15	firm3	Establishment of the Board of Directors
16	firm4	Shared vision of the family business between the incumbent and the heir apparent
17	firm5	Support from other members of the family
18	envi2	cultural background
19	envi3	Socio-ethical context
20	envi4	Legal environment
21	proc1	Satisfaction with the legacy programme and its implementation
22	proc2	Satisfaction with the selection of the successor
23	proc3	Satisfaction with the intensity of heir training
24	proc4	Satisfaction with internal communication in family businesses
25	proc5	Satisfaction with incumbents' exit arrangements
26	effe1	Satisfaction with the strategic direction of the business after the legacy
27	effe2	Satisfaction with post-transmission share distribution
28	effe3	Satisfaction with post-transmission business development

4.4 Reliability and relevance

The table provides a reliability analysis of various factors related to organizational succession, using Cronbach's alpha to assess the internal consistency of each group of variables. The

"Incumbent factor," "Successor factors," "Interpersonal factors," "Organisational factors," and "Environmental factors" each represent distinct dimensions influencing the succession process. For instance, the "Incumbent factor," with a moderate reliability score of 0.659, reflects certain characteristics or aspects associated with the current leadership. In contrast, the "Successor factors" achieve a higher reliability score of 0.893, demonstrating a strong consistency in how the attributes or readiness of potential successors are measured. Further, the "Interpersonal factors" and "Organisational factors" both show good reliability, indicating that the dataset consistently captures the nuances of interpersonal relationships and organizational structure, which are crucial to succession outcomes. Meanwhile, "Environmental factors" have a slightly lower reliability score, suggesting a bit more variability in how external conditions are assessed. The highest reliability score is observed in "Successful Succession," indicating that the overall measure of succession success is particularly robust across various observations. Overall, with a total alpha of 0.907, the analysis confirms that the dataset is highly reliable, providing dependable insights into the factors that significantly impact succession within organizations.

Table 9 Reliability analysis

Variables	Number of observations	Values
Incumbent factor	3	0.659
Successor factors	7	0.893
Interpersonal factors	2	0.782
Organisational factors	5	0.796
Environmental factors	3	0.645
Successful Succession	8	0.902
Totals	28	0.907

The correlation analysis in this thesis is based on the preliminary exploratory and test factor analysis of the model of factors influencing the success of family business succession, and the introduction of a control variable - the life cycle of the family business - between the variables. In the method of correlation analysis, this thesis uses the Pearson correlation analysis to test the correlation between the variables and the two-sided significance of the previous hypothesis.

(1) The results of the correlation analysis between incumbent influences and family business life cycle and successful succession are as follows.

Table 10 the correlation analysis between incumbent influences and family business life cycle and successful succession

			holder1	holder2	holder3	proc1	proc2	proc3	proc4	proc5	effe1	effe2	effe3
Life cycle of the business	holder1	Correlation	1.000	0.481	0.240	0.057	-0.254	0.131	-0.228	-0.073	0.237	0.088	0.008
		Significance (two-tailed)		0.000	0.004	0.503	0.003	0.122	0.007	0.389	0.005	0.300	0.924
	holder2	Correlation	0.481	1.000	0.459	0.200	-0.175	0.245	-0.166	-0.053	0.281	0.291	0.132
		Significance (two-tailed)	0.000		0.000	0.018	0.039	0.003	0.051	0.531	0.001	0.000	0.121
	holder3	Correlation	0.240	0.459	1.000	0.366	-0.099	0.467	0.120	0.221	0.406	0.455	0.508
		Significance (two-tailed)	0.004	0.000		0.000	0.244	0.000	0.157	0.009	0.000	0.000	0.000
	proc1	Correlation	0.057	0.200	0.366	1.000	0.572	0.770	0.623	0.484	0.453	0.778	0.564
		Significance (two-tailed)	0.503	0.018	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000
	proc2	Correlation	-0.254	-0.175	-0.099	0.572	1.000	0.467	0.686	0.430	0.162	0.479	0.373

	Significance (two-tailed)	0.003	0.039	0.244	0.000		0.000	0.000	0.000	0.056	0.000	0.000
proc3	Correlation	0.131	0.245	0.467	0.770	0.467	1.000	0.608	0.505	0.527	0.753	0.619
	Significance (two-tailed)	0.122	0.003	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000
proc4	Correlation	-0.228	-0.166	0.120	0.623	0.686	0.608	1.000	0.582	0.238	0.608	0.388
	Significance (two-tailed)	0.007	0.051	0.157	0.000	0.000	0.000		0.000	0.005	0.000	0.000
proc5	Correlation	-0.073	-0.053	0.221	0.484	0.430	0.505	0.582	1.000	0.354	0.562	0.373
	Significance (two-tailed)	0.389	0.531	0.009	0.000	0.000	0.000	0.000		0.000	0.000	0.000
effe1	Correlation	0.237	0.281	0.406	0.453	0.162	0.527	0.238	0.354	1.000	0.490	0.544
	Significance (two-tailed)	0.005	0.001	0.000	0.000	0.056	0.000	0.005	0.000		0.000	0.000
effe2	Correlation	0.088	0.291	0.455	0.778	0.479	0.753	0.608	0.562	0.490	1.000	0.612
	Significance (two-tailed)	0.300	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000

effe3	Correlation	0.008	0.132	0.508	0.564	0.373	0.619	0.388	0.373	0.544	0.612	1.000
	Significance (two-tailed)	0.924	0.121	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

In this correlation analysis, this study examines the correlation between personality (holder1), willingness to leave (holder2), and requirements (holder3) of incumbents and successful succession in family firms. The results of the analyses show that incumbents' personality and willingness to leave are significantly and positively correlated with successful succession, suggesting that the personality traits of incumbents and their openness to leaving play an important role in influencing the succession process. This influence may reflect how the personality of incumbents interacts with their successor selection and other aspects of the succession process.

Specifically, the correlations between holder1 (personality of the incumbent) and variables related to successful succession such as satisfaction (proc1-5) and effectiveness (effe1-3), although mostly not very high, have some significant results, especially the lower correlations related to proc1 (satisfaction with the implementation of the succession process) and effe2 (satisfaction with the distribution of equity after succession) suggesting that incumbents with strong personalities may play a key role in succession implementation and subsequent restructuring. Meanwhile, holder2 (incumbent's willingness to leave) exhibits a high positive correlation with effe2 (satisfaction with post-inheritance equity allocation) and effe3 (satisfaction with post-inheritance business development), and significance is also high ($p < 0.001$). This may indicate that those incumbents who have a stronger intention to leave are more likely to promote fair and effective equity distribution and sustained business development. For holder3 (incumbent's requirements), it showed moderate to high positive correlations with all successful succession-related variables (proc1-5, effe1-3), with the correlations with proc3 (satisfaction with intensity of successor training) and effe3 (satisfaction with post-succession business development) being particularly significant ($p < 0.001$). This suggests that the high demands of incumbents not only promote effective training of successors, but also contribute to post-succession business stability and development.

The results of these analyses emphasise the importance of the personality, willingness to leave and requirements of the incumbent in the success of family business succession and reveal how these factors are interrelated with multiple aspects of the family business life cycle and its successful succession. Understanding the interplay of these variables when developing a family business succession strategy is critical to ensuring a smooth transition and long-term business success.

Understanding the interplay of personality, willingness to leave, and requirements of the incumbent is crucial for developing effective family business succession strategies. The findings underscore the significance of these factors in determining the success of succession processes and shed light on their interrelation with various stages of the family business life cycle.

In particular, the positive correlation between incumbents' personality traits and successful succession outcomes highlights the pivotal role of incumbents in driving the succession process forward. Research by Chua, Chrisman, & Sharma (1999) suggests that strong leadership and decisive action from incumbents contribute to smoother transitions and effective restructuring within family firms. Furthermore, the link between incumbents' willingness to leave and post-inheritance outcomes underscores the importance of succession planning and the incumbent's readiness to pass the baton. Gagné and Deci (2005) argue that autonomy and motivation play key roles in facilitating positive organizational outcomes, echoing the significance of incumbents' intentions to exit and their impact on equity distribution and business development post-succession. Moreover, the correlation between incumbents' requirements and successful succession variables highlights the role of high standards and expectations in driving post-succession stability and growth. Research by De Massis, Chua, & Chrisman (2008) suggests that clear succession criteria and stringent requirements set by incumbents contribute to the effective training of successors and ensure the continuity of the family business legacy.

Overall, the findings underscore the multidimensional nature of family business succession and emphasize the need for a comprehensive understanding of incumbents' attributes and attitudes in ensuring long-term business success.

(2) The results of the correlation analysis between successor factors and family business life cycle and successful succession are as follows.

Table 11 the correlation analysis between successor factors and family business life cycle and successful succession

			secc1	secc2	secc3	secc4	secc5	secc6	secc7	proc1	proc2	proc3	proc4	proc5	effe1	effe2	effe3
Life cycle of the business	secc1	Correlation	1.000	0.527	0.602	0.408	0.528	0.562	0.569	0.217	0.346	0.227	0.412	0.410	0.218	0.390	0.237
		Significance (two-tailed)		0.000	0.000	0.000	0.000	0.000	0.000	0.010	0.000	0.007	0.000	0.000	0.010	0.000	0.005
	secc2	Correlation	0.527	1.000	0.695	0.470	0.518	0.547	0.748	0.358	0.493	0.189	0.403	0.460	-0.028	0.270	0.161
		Significance (two-tailed)	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.025	0.000	0.000	0.746	0.001	0.057
	secc3	Correlation	0.602	0.695	1.000	0.521	0.458	0.717	0.725	0.410	0.459	0.381	0.452	0.338	0.138	0.334	0.347
		Significance (two-tailed)	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.103	0.000	0.000
	secc4	Correlation	0.408	0.470	0.521	1.000	0.505	0.511	0.483	0.343	0.487	0.241	0.459	0.349	0.112	0.418	0.299

	Significance (two-tailed)	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.004	0.000	0.000	0.189	0.000	0.000
secc5	Correlation	0.528	0.518	0.458	0.505	1.000	0.463	0.549	0.315	0.309	0.276	0.502	0.418	0.171	0.439	0.246
	Significance (two-tailed)	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.043	0.000	0.003
secc6	Correlation	0.562	0.547	0.717	0.511	0.463	1.000	0.525	0.406	0.474	0.409	0.515	0.489	0.130	0.454	0.375
	Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.126	0.000	0.000
secc7	Correlation	0.569	0.748	0.725	0.483	0.549	0.525	1.000	0.314	0.479	0.251	0.392	0.314	-0.007	0.369	0.212
	Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.003	0.000	0.000	0.939	0.000	0.012
proc1	Correlation	0.217	0.358	0.410	0.343	0.315	0.406	0.314	1.000	0.572	0.770	0.623	0.484	0.453	0.778	0.564
	Significance (two-tailed)	0.010	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000
proc2	Correlation	0.346	0.493	0.459	0.487	0.309	0.474	0.479	0.572	1.000	0.467	0.686	0.430	0.162	0.479	0.373
	Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.056	0.000	0.000

proc3	Correlation	0.227	0.189	0.381	0.241	0.276	0.409	0.251	0.770	0.467	1.000	0.608	0.505	0.527	0.753	0.619
	Significance (two-tailed)	0.007	0.025	0.000	0.004	0.001	0.000	0.003	0.000	0.000		0.000	0.000	0.000	0.000	0.000
proc4	Correlation	0.412	0.403	0.452	0.459	0.502	0.515	0.392	0.623	0.686	0.608	1.000	0.582	0.238	0.608	0.388
	Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.005	0.000	0.000
proc5	Correlation	0.410	0.460	0.338	0.349	0.418	0.489	0.314	0.484	0.430	0.505	0.582	1.000	0.354	0.562	0.373
	Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000
effe1	Correlation	0.218	-0.028	0.138	0.112	0.171	0.130	-0.007	0.453	0.162	0.527	0.238	0.354	1.000	0.490	0.544
	Significance (two-tailed)	0.010	0.746	0.103	0.189	0.043	0.126	0.939	0.000	0.056	0.000	0.005	0.000		0.000	0.000
effe2	Correlation	0.390	0.270	0.334	0.418	0.439	0.454	0.369	0.778	0.479	0.753	0.608	0.562	0.490	1.000	0.612
	Significance (two-tailed)	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000
effe3	Correlation	0.237	0.161	0.347	0.299	0.246	0.375	0.212	0.564	0.373	0.619	0.388	0.373	0.544	0.612	1.000

	Significance (two-tailed)	0.005	0.057	0.000	0.000	0.003	0.000	0.012	0.000	0.000	0.000	0.000	0.000	0.000	0.000

This datasheet shows the correlation analysis between individual successor traits (e.g., successor intention secc1, self-confidence secc2, willingness to succeed secc3, knowledge of the family business secc4, ability to learn secc5, ability to practise secc6, and helpfulness to the family business secc7) and the variables related to the success of the succession over the family business lifecycle (e.g., satisfaction with the process of the succession proc1-5 and satisfaction of succession effect effe1-3) were analysed for correlation.

The results of the analyses show a very strong positive correlation (correlation coefficient of 0.695, $p < 0.001$) between successors' self-confidence (secc2) and their willingness to carry on the tradition of the family business, suggesting that the level of self-confidence of successors is largely predictive of their commitment to continue the tradition of the family business. At the same time, these two variables were also significantly and positively correlated with the successor's knowledge of the family business (secc4), ability to learn (secc5), ability to practise (secc6), and helpfulness to the family business (secc7), indicating that these traits of the successor are interrelated and work together to influence all aspects of the legacy. In addition, the correlations between successor traits and variables related to succession success emphasise the link between successor personality and the satisfaction and effectiveness of the succession process. For example, significant positive correlations between successor intentions (secc1) and satisfaction with the implementation of the legacy (proc1) and satisfaction with the distribution of equity after the legacy (effe2) suggest that clear intentions of the successor are associated with key aspects of legacy success.

These correlation data provide strong evidence that the traits of the successor not only have a direct impact on the succession process of the family business, but also have a significant impact on the ultimate effectiveness of the succession. Therefore, it is crucial to pay attention to the psychological and competence traits of successors when preparing and implementing succession strategies for family firms.

(3) The results of the correlation analysis between interpersonal factors and family business life cycle and successful succession are as follows.

Table 12 the correlation analysis between interpersonal factors and family business life cycle and successful succession

			rela1	rela2	proc1	proc2	proc3	proc4	proc5	effe1	effe2	effe3
Life cycle of the business	rela1	Correlation	1.000	0.598	0.268	0.374	0.339	0.606	0.409	0.236	0.256	0.332
		Significance (two-tailed)		0.000	0.001	0.000	0.000	0.000	0.000	0.005	0.002	0.000
	rela2	Correlation	0.598	1.000	0.237	0.500	0.214	0.549	0.463	0.087	0.160	0.141
		Significance (two-tailed)	0.000		0.005	0.000	0.011	0.000	0.000	0.306	0.060	0.097
	proc1	Correlation	0.268	0.237	1.000	0.572	0.770	0.623	0.484	0.453	0.778	0.564
		Significance (two-tailed)	0.001	0.005		0.000	0.000	0.000	0.000	0.000	0.000	0.000
	proc2	Correlation	0.374	0.500	0.572	1.000	0.467	0.686	0.430	0.162	0.479	0.373
		Significance (two-tailed)	0.000	0.000	0.000		0.000	0.000	0.000	0.056	0.000	0.000
	proc3	Correlation	0.339	0.214	0.770	0.467	1.000	0.608	0.505	0.527	0.753	0.619
		Significance (two-tailed)	0.000	0.011	0.000	0.000		0.000	0.000	0.000	0.000	0.000
	proc4	Correlation	0.606	0.549	0.623	0.686	0.608	1.000	0.582	0.238	0.608	0.388
		Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000		0.000	0.005	0.000	0.000
	proc5	Correlation	0.409	0.463	0.484	0.430	0.505	0.582	1.000	0.354	0.562	0.373
		Significance (two-tailed)	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000
	effe1	Correlation	0.236	0.087	0.453	0.162	0.527	0.238	0.354	1.000	0.490	0.544
		Significance (two-tailed)	0.005	0.306	0.000	0.056	0.000	0.005	0.000		0.000	0.000

	effe2	Correlation	0.256	0.160	0.778	0.479	0.753	0.608	0.562	0.490	1.000	0.612
		Significance (two-tailed)	0.002	0.060	0.000	0.000	0.000	0.000	0.000	0.000		0.000
	effe3	Correlation	0.332	0.141	0.564	0.373	0.619	0.388	0.373	0.544	0.612	1.000
		Significance (two-tailed)	0.000	0.097	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

This table explores the correlation between relational factors (rela1 and rela2, which represent the quality of the relationship and communication between the incumbent and the successor, respectively) and the success of the succession in family firms. It is evident from the data that relationship and communication quality play a significant role in family business succession.

There is a strong positive correlation (correlation coefficient of 0.598, $p < 0.001$) between rela1 (relationship between incumbent and successor) and rela2 (communication between incumbent and successor), suggesting that good personal relationships are usually accompanied by effective communication. Both variables are significantly and positively correlated with individual satisfaction and effectiveness indicators (e.g., proc1-5 and effe1-3) during the succession process, with particularly high correlations with proc4 (satisfaction with internal communication within the family firm) and effe2 (satisfaction with post-succession equity distribution), reflecting the fact that good relationships and communication between incumbent and successor are an important underpinning of a successful succession. In particular, the significant effect of rela1 on aspects of the succession process such as satisfaction with the intensity of successor training (proc3), satisfaction with internal communication (proc4) and satisfaction with post-succession business development (effe3) suggests that a good relationship between the incumbent and the successor contributes to the enhancement of the successor's competence and a smooth transition for the entire organisation.

Taken together, these data emphasise that good relationships and effective communication between incumbents and successors are critical to the success of family business succession. These factors not only affect satisfaction during the succession process, but also directly correlate to the ultimate effectiveness of the succession in key areas such as equity distribution and business development. Therefore, strengthening the quality of these relationships and communications should be an important consideration in family business succession planning. (4) The results of the correlation analysis between organisational factors and family business life cycle and successful succession are as follows.

Table 13 the correlation analysis between organisational factors and family business life cycle and successful succession

			firm1	firm2	firm3	firm4	firm5	proc1	proc2	proc3	proc4	proc5	effe1	effe2	effe3
Life cycle of the business	firm1	Correlation	1.000	0.352	0.529	0.570	0.556	0.220	0.363	0.091	0.252	0.017	0.009	0.065	-0.081
		Significance (two-tailed)		0.000	0.000	0.000	0.000	0.009	0.000	0.284	0.003	0.843	0.914	0.443	0.342
	firm2	Correlation	0.352	1.000	0.207	0.338	0.252	0.339	0.039	0.272	0.066	0.088	0.447	0.219	0.134
		Significance (two-tailed)	0.000		0.014	0.000	0.003	0.000	0.645	0.001	0.440	0.302	0.000	0.009	0.114
	firm3	Correlation	0.529	0.207	1.000	0.544	0.599	0.379	0.476	0.201	0.443	0.190	0.080	0.218	0.093
		Significance (two-tailed)	0.000	0.014		0.000	0.000	0.000	0.000	0.017	0.000	0.025	0.346	0.010	0.276
	firm4	Correlation	0.570	0.338	0.544	1.000	0.539	0.260	0.290	0.077	0.184	0.168	0.059	0.070	-0.084
		Significance (two-tailed)	0.000	0.000	0.000		0.000	0.002	0.001	0.365	0.029	0.048	0.487	0.409	0.324

firm5	Correlation	0.556	0.252	0.599	0.539	1.000	0.333	0.513	0.220	0.411	0.166	-0.008	0.209	0.029
	Significance (two-tailed)	0.000	0.003	0.000	0.000		0.000	0.000	0.009	0.000	0.050	0.922	0.013	0.731
proc1	Correlation	0.220	0.339	0.379	0.260	0.333	1.000	0.572	0.770	0.623	0.484	0.453	0.778	0.564
	Significance (two-tailed)	0.009	0.000	0.000	0.002	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000
proc2	Correlation	0.363	0.039	0.476	0.290	0.513	0.572	1.000	0.467	0.686	0.430	0.162	0.479	0.373
	Significance (two-tailed)	0.000	0.645	0.000	0.001	0.000	0.000		0.000	0.000	0.000	0.056	0.000	0.000
proc3	Correlation	0.091	0.272	0.201	0.077	0.220	0.770	0.467	1.000	0.608	0.505	0.527	0.753	0.619
	Significance (two-tailed)	0.284	0.001	0.017	0.365	0.009	0.000	0.000		0.000	0.000	0.000	0.000	0.000
proc4	Correlation	0.252	0.066	0.443	0.184	0.411	0.623	0.686	0.608	1.000	0.582	0.238	0.608	0.388
	Significance (two-tailed)	0.003	0.440	0.000	0.029	0.000	0.000	0.000	0.000		0.000	0.005	0.000	0.000
proc5	Correlation	0.017	0.088	0.190	0.168	0.166	0.484	0.430	0.505	0.582	1.000	0.354	0.562	0.373

	Significance (two-tailed)	0.843	0.302	0.025	0.048	0.050	0.000	0.000	0.000	0.000		0.000	0.000	0.000
effe1	Correlation	0.009	0.447	0.080	0.059	-0.008	0.453	0.162	0.527	0.238	0.354	1.000	0.490	0.544
	Significance (two-tailed)	0.914	0.000	0.346	0.487	0.922	0.000	0.056	0.000	0.005	0.000		0.000	0.000
effe2	Correlation	0.065	0.219	0.218	0.070	0.209	0.778	0.479	0.753	0.608	0.562	0.490	1.000	0.612
	Significance (two-tailed)	0.443	0.009	0.010	0.409	0.013	0.000	0.000	0.000	0.000	0.000	0.000		0.000
effe3	Correlation	-0.081	0.134	0.093	-0.084	0.029	0.564	0.373	0.619	0.388	0.373	0.544	0.612	1.000
	Significance (two-tailed)	0.342	0.114	0.276	0.324	0.731	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

In this data analysis, we focused on the relationship between corporate strategy (firm1 to firm5) and legacy-related satisfaction (proc1 to proc5) and legacy effectiveness (effe1 to effe3). The results show that the correlations between firm strategies and legacy success are complex and diverse, reflecting the different roles of firm strategies in the legacy process.

First, the firm's development strategy (firm1) showed varying degrees of correlation with several variables related to inheritance, and although most of the correlations were low, it showed moderate to high positive correlations with other firm strategy variables (e.g., firm3 and firm4), suggesting that a consistent firm strategy may contribute to the inheritance process. Specifically, although the correlations between firm1 and the implementation satisfaction of the legacy (proc2) and the business development after the legacy (effe3) were not significant, it showed some positive correlation with the internal communication satisfaction of the legacy (proc4), which may suggest the role of the business development strategy in facilitating internal communication. In addition, the development and implementation of legacy procedures (firm2) exhibits a high positive correlation with satisfaction with equity distribution after legacy (effe1), a significant result that highlights the important impact of legacy management strategies in equity distribution. This suggests that a good estate management strategy can directly affect the quality of the legacy and the satisfaction of the successor. For the establishment of the board of directors (firm3), it shows a moderate positive correlation with satisfaction with the preparation and training of the legacy (proc2) and satisfaction with internal communication (proc4), emphasising the key role of the board of directors in overseeing and guiding the preparation of the legacy.

In summary, different strategies of the firms play their own unique roles in the succession process, affecting not only the process of preparation and implementation of the succession, but also the post-succession outcomes. Therefore, family businesses need to take these factors into account when planning their succession strategies to ensure consistency and effectiveness in order to better achieve smooth business transitions and high levels of successor satisfaction.

(5) The results of the correlation analysis between environmental factors and family business life cycle and successful succession are as follows.

Table 14 the correlation analysis between environmental factors and family business life cycle and successful succession

			envi2	envi3	envi4	proc1	proc2	proc3	proc4	proc5	effe1	effe2	effe3
Life cycle of the business	envi2	Correlation	1.000	0.333	0.376	0.163	0.290	0.134	0.184	0.130	0.140	0.069	0.245
		Significance (two-tailed)		0.000	0.000	0.055	0.001	0.116	0.030	0.124	0.099	0.415	0.003
	envi3	Correlation	0.333	1.000	0.575	0.189	0.259	0.144	0.235	0.182	0.105	0.252	0.183
		Significance (two-tailed)	0.000		0.000	0.025	0.002	0.091	0.005	0.031	0.216	0.003	0.030
	envi4	Correlation	0.376	0.575	1.000	0.094	0.279	0.086	0.270	0.151	0.143	0.203	0.151

	Significance (two-tailed)	0.000	0.000		0.271	0.001	0.311	0.001	0.075	0.092	0.016	0.074
proc1	Correlation	0.163	0.189	0.094	1.000	0.572	0.770	0.623	0.484	0.453	0.778	0.564
	Significance (two-tailed)	0.055	0.025	0.271		0.000	0.000	0.000	0.000	0.000	0.000	0.000
proc2	Correlation	0.290	0.259	0.279	0.572	1.000	0.467	0.686	0.430	0.162	0.479	0.373
	Significance (two-tailed)	0.001	0.002	0.001	0.000		0.000	0.000	0.000	0.056	0.000	0.000
proc3	Correlation	0.134	0.144	0.086	0.770	0.467	1.000	0.608	0.505	0.527	0.753	0.619
	Significance (two-tailed)	0.116	0.091	0.311	0.000	0.000		0.000	0.000	0.000	0.000	0.000
proc4	Correlation	0.184	0.235	0.270	0.623	0.686	0.608	1.000	0.582	0.238	0.608	0.388
	Significance (two-tailed)	0.030	0.005	0.001	0.000	0.000	0.000		0.000	0.005	0.000	0.000
proc5	Correlation	0.130	0.182	0.151	0.484	0.430	0.505	0.582	1.000	0.354	0.562	0.373
	Significance (two-tailed)	0.124	0.031	0.075	0.000	0.000	0.000	0.000		0.000	0.000	0.000
effe1	Correlation	0.140	0.105	0.143	0.453	0.162	0.527	0.238	0.354	1.000	0.490	0.544
	Significance (two-tailed)	0.099	0.216	0.092	0.000	0.056	0.000	0.005	0.000		0.000	0.000
effe2	Correlation	0.069	0.252	0.203	0.778	0.479	0.753	0.608	0.562	0.490	1.000	0.612
	Significance (two-tailed)	0.415	0.003	0.016	0.000	0.000	0.000	0.000	0.000	0.000		0.000
effe3	Correlation	0.245	0.183	0.151	0.564	0.373	0.619	0.388	0.373	0.544	0.612	1.000
	Significance (two-tailed)	0.003	0.030	0.074	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

In this analysis, we examined environmental factors (envi2, envi3, envi4) such as cultural background, socio-ethical environment, and legal environment, and how these factors affect family firms' inheritance satisfaction (proc1 to proc5) and inheritance effectiveness (effe1 to effe3).

Firstly, cultural background (envi2) shows a moderate positive correlation with socio-ethical environment (envi3) and legal environment (envi4), suggesting that these environmental factors are usually interrelated. In particular, the strongest relationship was found between the socio-ethical environment and the legal environment (correlation coefficient 0.575, $p < 0.001$), suggesting that these two environmental factors may work together in the functioning and transmission of family businesses. In terms of specific inheritance-related variables, the influence of environmental factors is relatively small and most of the correlations are not strong. For example, cultural background (envi2) has some positive correlation with internal communication satisfaction for succession (proc4) and business development satisfaction after succession (effe3), but the correlation coefficients are low. This may indicate that although cultural background has some influence on family firms, its direct effect may not be as significant as internal management or specific business strategies. The social and ethical environment (envi3) has a strong positive correlation (correlation coefficient 0.252, $p = 0.003$) with satisfaction with post-transmission equity distribution (effe2), which suggests that in social environments where morality and ethics are more valued, fair and transparent equity distribution may be more valued, which improves the associated satisfaction. While the legal environment (envi4) has some positive correlation (correlation coefficient 0.203, $p = 0.016$) with post-transmission satisfaction with equity allocation (effe2), this effect is not as significant as in the socio-ethical environment, possibly because the legal environment's influence is more indirect through the institutional framework rather than directly affecting the internal decision-making of family firms.

Overall, whilst these environmental factors have an impact on family business succession, this effect may be more indirect and subtle compared to intra-firm factors and direct interactions between individuals. This emphasises the need to consider how external environmental factors such as cultural, socio-ethical and legal environments may influence the business and its succession process when considering family business succession strategies, in addition to focusing on internal management and succession planning.

4.5 Univariate analysis of variance (ANOVA)

This study will investigate the statistical analysis of the impact of family business life cycle stage as the independent variable and successful succession influencing factors as the dependent variable by using one-way ANOVA method.

(1) Influence of family business life cycle stages on incumbent factors

Different life cycle stages have different impacts on the personality and willingness to leave of the incumbent will be analysed by combining the above two variables with the family business life cycle.

Table 15 ANOVA about incumbent factors

	Sum of squares	Degree of freedom	Mean square	F	Significance
holder1	5.808	3	1.936	0.899	0.443
holder2	9.793	3	3.264	1.030	0.381
holder3	35.835	3	11.945	6.201	0.001

Table 16 Multiple comparisons about incumbent factors

			Mean Difference (I-J)	Standard Error	Significance	95% Confidence Interval Lower limit	Upper limit
holder3	3	1	-0.569	0.379	0.812	-1.58	0.44
		2	-1.036*	0.272	0.001	-1.76	-0.31
		4	-1.172*	0.388	0.018	-2.21	-0.13

In your study, the effects of family firms' life cycle stages on incumbents' personality (holder1), willingness to leave (holder2), and incumbent requirements (holder3) were explored through one-way analysis of variance (ANOVA) method. The results of the analyses reveal the variation and statistical significance of these influences across life cycle stages.

For incumbent's personality (holder1) and willingness to leave (holder2), although the association of life cycle stage with these variables existed, their effects were not significant (F-values of 0.899 and 1.030, respectively, with significant p-values of 0.443 and 0.381, respectively). This suggests that although there may be some influence of life cycle stage on these attributes of incumbents, the effect is not sufficient to be statistically significant, possibly because they are more influenced by other external or internal factors such as the economic environment, managerial style, or personal career development expectations. However, for incumbent requirements (holder3), the results show a significant difference (F-value of 6.201, significant p-value of 0.001). Specifically, the significance indicator for the development stage compared to the start-up stage (mean difference of -1.036, p=0.001) and the decline stage (mean difference of -1.172, p=0.018) indicates that incumbent requirements are significantly less in the development stage. This may reflect a significant adjustment in the demands and expectations of incumbents as the firm grows, and as the firm's structure and market positioning stabilise, fewer high demands coming from the start-up or decline stages may be needed.

The results of these analyses suggest that family firms need to take into account the life cycle stage in which the firm is located when developing their human resources and succession strategies. Particularly during the growth phase, expectations and requirements for incumbents may need to be reassessed and adjusted to better suit the growth needs of the firm and changes in the external market. Such adjustments in strategy will not only help to improve job satisfaction and retention of incumbents but will also contribute to the overall strategic objectives and long-term development of the enterprise. This finding is critical for Hypothesis 1 (H1), which posits that incumbent factors such as willingness to leave and personality traits significantly influence the succession process in family businesses at different lifecycle stages.

(2) Impact of family business life cycle stages on successor factors

This thesis analyses the impact of family business life cycle stages on successor traits (secc1 to secc7). These traits include successor intentions, self-confidence, willingness to inherit, knowledge of the family business, ability to learn, ability to practice, and helpfulness to the family business. The strength and significance of the effect of different life cycle stages on these successor traits were obtained through one-way analysis of variance (ANOVA).

Table 17 ANOVA of successor factors

	Sum of squares	Degree of freedom	Mean square	F	Significance
secc1	18.364	3	6.121	3.765	0.012
secc2	3.935	3	1.312	0.909	0.438
secc3	13.257	3	4.419	3.330	0.022
secc4	27.777	3	9.259	4.747	0.004
secc5	7.596	3	2.532	1.678	0.175
secc6	19.841	3	6.614	5.838	0.001
secc7	2.151	3	0.717	0.514	0.673

Table 18 Multiple comparisons about successor factors

			Mean Difference (I-J)	Standard Error	Significance	95% Confidence Interval Lower limit	Upper limit
secc1	1	2	-1.043*	0.364	0.029	-2.02	-0.07
		3	-1.151*	0.348	0.007	-2.08	-0.22
		4	-1.026	0.444	0.134	-2.21	0.16
secc3	1	2	-1.017*	0.329	0.014	-1.90	-0.14
		3	-0.661	0.314	0.224	-1.50	0.18
		4	-0.864	0.401	0.198	-1.94	0.21
secc4	1	2	-1.132*	0.399	0.031	-2.20	-0.06
		3	-0.976	0.381	0.069	-2.00	0.04
		4	-0.007	0.486	1.000	-1.31	1.29
	2	1	1.132*	0.399	0.031	0.06	2.20

		3	0.156	0.273	1.000	-0.58	0.89
		4	1.125*	0.408	0.040	0.03	2.22
secc6	1	2	-1.021*	0.304	0.006	-1.84	-0.21
		3	-1.044*	0.290	0.003	-1.82	-0.27
		4	-0.357	0.371	1.000	-1.35	0.64

The results of the analysis showed that successors' practical ability (secc6) and knowledge of the family business (secc4) were significantly affected by life cycle stage, with practical ability varying significantly between stages (p=0.001), especially between the start-up stage and the development stage (mean difference=-1.021, p=0.006), and between the start-up stage and the maturity stage between (mean difference = -1.044, p=0.003). This suggests that there is a significant adjustment in the practical competence of successors as the business grows and changes, possibly because of the different needs for skills and practical experience at different stages. For successor intentions (secc1), the effect was equally significant (p=0.012), particularly between the start-up and development stages (mean difference=-1.043, p=0.029), and between the start-up and maturity stages (mean difference=-1.151, p=0.007). This may reflect changes in expectations of the successor's role at different stages of development, as well as changes in the successor's perception of his or her role in the family business. Perceptions of the family business (secc4) also showed significant variation in the analyses (p=0.004), which highlights the fact that as the business develops, so does the successor's understanding of and adaptation to the culture and values of the business. However, for other successor traits such as self-confidence (secc2), ability to learn (secc5), and helpfulness to the family business (secc7), the analyses showed no significant effect of their life-cycle stage, which suggests that these traits may be more influenced by other factors within the family business such as personalities, educational backgrounds, and family culture.

These results emphasise the need for family firms to focus on and adapt to the specific traits of their successors at different lifecycle stages in order to facilitate their growth and the smooth passing on of the business. For family businesses, understanding these changes and adapting training and development strategies accordingly is critical to maintaining the competitiveness and long-term success of the business. This finding supports Hypothesis 2 (H2), which posits that successor readiness and competence are positively correlated with successful succession outcomes, and greater alignment to business strategic goals enhances the effectiveness of the succession.

(3) Impact of family business life cycle stages on interpersonal level factors

This thesis analyses the relationship (rela1) and communication (rela2) between incumbents and successors in family firms and how these relational factors change with family firm life cycle stage. Statistical significance of these two variables and their differences in means between life cycle stages were obtained through one-way analysis of variance (ANOVA).

Table 19 ANOVA about interpersonal level factors

	Sum of squares	Degree of freedom	Mean square	F	Significance
rela1	31.712	3	10.571	6.568	0.000
rela2	64.373	3	21.458	12.342	0.000

Table 20 Multiple comparisons about interpersonal level factors

			Mean Difference (I-J)	Standard Error	Significance	95% Confidence Interval Lower limit	Upper limit
rela1	3	1	-.964*	0.346	0.037	-1.89	-0.04
		2	-.959*	0.248	0.001	-1.62	-0.29
		4	-0.016	0.355	1.000	-0.96	0.93
rela2	3	1	-0.675	0.360	0.377	-1.64	0.29
		2	-.696*	0.258	0.047	-1.39	0.00
		4	1.531*	0.369	0.000	0.54	2.52
	4	1	-2.206*	0.459	0.000	-3.44	-0.98
		2	-2.227*	0.385	0.000	-3.26	-1.20

	3	-1.531*	0.369	0.000	-2.52	-0.54

For the relationship between incumbents and successors (rela1), the ANOVA results showed a very high significance (F=6.568, p=0.000), indicating that the different life cycle stages of the family firms have a significant effect on this relationship. Specifically, the maturity stage showed a large negative difference in the relationship compared to the start-up and development stages (mean differences of -0.964 and -0.959, p-values of 0.037 and 0.001, respectively). This suggests that as a firm develops and matures, the relationship with the successor may experience some degree of challenge or stress, possibly due to the impact of power shifts, role changes, or expectation adjustments. For communication (rela2), the ANOVA also showed very strong statistical significance (F=12.342, p=0.000), emphasising the important changes in the quality of communication across the different life cycle stages of the firm. In particular, the decline stage shows a significant positive mean difference (1.531, p=0.000) when compared to the development and maturity stages, while the most significant negative difference is found with the start-up stage (mean difference of -2.206, p=0.000). This may reflect the need for more communication to address challenges as firms gradually decline, whereas in the early stages of business start-ups, there may be a lower need for communication due to the simplicity of the structure and the centralisation of decision-making.

Taken together, these results highlight how family firms should appropriately adapt and optimise the relationship and communication strategies between managers and successors at different life cycle stages. As firms grow and decline, the management of relationships and communication requires special attention and strategic adjustments to ensure smooth succession and continued success. These insights can help family businesses develop more effective human resource management and succession planning strategies to address internal challenges that may arise at different stages of development. This finding is relevant to Hypothesis 3 (H3), which posits that strong interpersonal relationships between the incumbent and the successor facilitate a smoother transition and increase the likelihood of succession success.

(4) Impact of family business life cycle stages on organisational factors

This thesis observes the relationship between different strategic aspects of family firms (firm1 to firm5) and the life cycle of the firm. A one-way analysis of variance (ANOVA) reveals the performance of each strategy and its statistical significance at different life cycle stages.

Table 21 ANOVA about organisational factors

	Sum of squares	Degree of freedom	Mean square	F	Significance
firm1	10.931	3	3.644	2.362	0.074
firm2	22.289	3	7.430	3.102	0.029
firm3	6.983	3	2.328	1.806	0.149
firm4	1.594	3	0.531	0.332	0.802
firm5	12.038	3	4.013	2.319	0.078

Table 22 Multiple comparisons about organisational factors

			Mean Difference (I-J)	Standard Error	Significance	95% Confidence Interval Lower limit	Upper limit
firm2	1	2	0.687	0.442	0.734	-0.50	1.87
		3	1.183*	0.422	0.035	0.05	2.31
		4	1.199	0.539	0.167	-0.24	2.64

From the ANOVA results, it can be seen that most of the corporate strategy variables such as corporate development strategy (firm1), board of directors establishment (firm3), and shared vision (firm4) do not have a significant effect at different life cycle stages. In particular, shared vision (firm4) has an F-value of 0.332 and a significance of 0.802, suggesting that this strategy factor hardly varies across life-cycle stages, which may be indicative of the continued consistency of family firms in this regard. However, estate planning and implementation (firm2) showed a high level of significance (p=0.029), particularly with significant mean differences between certain life cycle stages. For example, from the start-up stage to the maturity stage (mean difference of 1.183, p=0.035), which suggests that estate planning and implementation strategies may be more emphasised or implemented more effectively as family firms transition from the start-up to the maturity stage. This difference may reflect a greater focus on long-term sustainability and legacy preparedness in the maturity stage of the firm. On the other hand, the F-value and significance (p=0.078) of the talent support strategy (firm5) did not meet the traditional criteria for statistical significance but was close to being significant, suggesting that the impact of this strategy may be borderline significant at different life-cycle stages and warrants further investigation and attention.

The results of these analyses provide insights into how family firms should adapt their strategies at different life cycle stages. In particular, estate planning and implementation show a gradual increase with increasing firm maturity, which is crucial to ensure the long-term benefits and smooth succession of family firms. The adaptation and implementation of these strategies may require more resources and focus to adapt to the challenges and needs faced by the business at different stages. This finding supports Hypothesis 4 (H4), which posits that organizational strategies that integrate succession planning into the broader business development plans are more likely to result in successful leadership transitions.

(5) Family business life cycle impact on environmental factors

This thesis explores how environmental factors (envi2: cultural context, envi3: socio-ethical environment, envi4: legal environment) in family firms affect the firm at different life cycle stages. Through a one-way analysis of variance (ANOVA), we obtained the statistical significance of these environmental factors and the differences in means between life cycle stages.

Table 23 ANOVA about environmental factors

	Sum of squares	Degree of freedom	Mean square	F	Significance
envi2	51.840	3	17.280	5.787	0.001

envi3	5.844	3	1.948	1.276	0.285
envi4	9.597	3	3.199	1.746	0.160

Table 24 Multiple comparisons about environmental factors

			Mean Difference (I-J)	Standard Error	Significance	95% Confidence Interval Lower limit	Upper limit
envi2	1	2	-0.090	0.493	1.000	-1.41	1.23
		3	0.940	0.472	0.289	-0.32	2.20
		4	1.643*	0.602	0.043	0.03	3.25
	2	1	0.090	0.493	1.000	-1.23	1.41
		3	1.030*	0.338	0.017	0.12	1.94
		4	1.733*	0.504	0.005	0.38	3.08

Cultural context (envi2) showed a statistically significant difference (F=5.787, p=0.001), which suggests that the cultural context factor plays a significant role in different family business life cycle stages. In particular, the comparison between the different stages of the life cycle showed a significant positive effect of the cultural background factor from the start-up stage to the decline stage (mean difference = 1.643, p=0.043) and from the development stage to the decline stage (mean difference = 1.733, p=0.005). This may imply that cultural factors become more important as family firms mature and approach the decline stage, possibly because the firms become more reliant on their established cultural heritage to maintain their brand and corporate value. In contrast, the effects of socio-ethical environment (envi3) and legal environment (envi4) were statistically insignificant (p=0.285 and p=0.160 respectively). This suggests that although these environmental factors have an impact on family firms, their impact may not be as significant as that of the cultural context factor across the different life cycle stages. This may be related to the prevalence and consistency of the socio-ethical and legal environments, where these factors have a more even impact on the firms across the stages, or where their impact is overshadowed by other more significant internal or external factors.

These findings emphasise the importance of environmental factors such as cultural context that need to be emphasised and integrated in family firms at different stages of development. As the firm's life cycle progresses, culture may become a key resource in supporting the firm's continued growth and meeting the challenges of decline. Managers should therefore consider how to actively utilise and shape corporate culture to strengthen their firm's internal cohesion and external brand image in order to remain competitive in a highly competitive market environment. This is crucial for Hypothesis 5 (H5), which posits that environmental factors, including cultural, socio-ethical, and legal contexts, have a significant impact on the formulation and execution of succession plans in family businesses. In conclusion, this study confirms that cultural context, as an environmental factor, plays a dynamically changing role across different stages of the enterprise life cycle. Its influence becomes more pronounced as firms mature and enter the decline stage, making cultural continuity a key strategic concern for succession. In contrast, the socio-ethical and legal environments exert a more stable and less differentiated impact. These findings contribute directly to answering Research Question 2, by illustrating how the influence of external factors on succession varies by life cycle stage. They also inform Research Question 5, by enriching the proposed succession framework with stage-sensitive environmental insights.

The results of this study provide a comprehensive understanding of how different stages of the family business life cycle influence various factors critical to successful succession. By examining incumbent factors, successor traits, interpersonal relationships, organizational strategies, and environmental influences, this research highlights the complex interplay of these elements and their impact on succession outcomes. The findings underscore the importance of tailoring succession strategies to the specific life cycle stage of the family business, ensuring that the unique challenges and opportunities at each stage are adequately addressed. This approach not only enhances the effectiveness of succession planning but also contributes to the long-term sustainability and success of family businesses. Future research could further explore these dynamics by incorporating longitudinal studies and examining the role of external market conditions in shaping succession strategies.

4.6 Interview results

The interviews conducted in this thesis will cover key members of the family business in different roles, including successors, current managers and other important positions. These members have had varying lengths of service in the family business, ranging from 7 to 20 years, and cover all levels from general management to senior management. This interview allows this thesis to explore their diverse experiences in the business, the challenges they have faced, their career paths, and their insights and expectations for the future of the family business.

Table 25 Situation of interviewers

No.	Role in the Family Business	Position in the Company	Years of Service in the Family Business
1	Successor1	General Manager	11 years
2	Successor2	Marketing Director	8 years
3	Successor3	Production Supervisor	15 years
4	Incumbent1	CEO	20 years
5	Incumbent2	COO	12 years
6	Incumbent3	CFO	18 years
7	Other1	Quality Manager	10 years
8	Other2	Procurement Manager	7 years

4.6.1 Life Cycle Impact on Succession Readiness

Reflecting on the impact of the family business life cycle on succession readiness, various interviewees provided insights rooted in their experiences and positions within the company. Successor1, the General Manager, mentioned the necessity for alignment and vision during the entrepreneurial phase and the importance of operational efficiency in the maturity stage, highlighting that "The current business development is in the maturity stage... This is the stage where the business needs to define its goals and vision." This aligns with research that emphasizes the strategic importance of clarity and direction during the maturity phase of a business (Chrisman et al., 2010). Meanwhile, Successor2, the Marketing Director, brought a different angle, focusing on expansion and innovation, stating, "Our business is currently in a period of expansion... For a successful succession, this phase requires the successor to have innovative thinking." The need for innovation during expansion is well-documented, highlighting how successors must bring new ideas to sustain growth (De Massis et al., 2013). Successor3, the Production Supervisor, pointed out the transitional challenges, emphasizing the need for successors to be technologically adept, saying, "Our business is in a period of transition, moving from a traditional business model to digitalization." This transition reflects broader industry trends where digital skills are critical for modernizing traditional business operations (Zellweger et al., 2012b).

Incumbent1, the CEO, acknowledged the mature stage's criticality for succession, identifying the need for successors to lead future innovations, noting that "In the maturity stage, the main tasks of a company are to optimize processes, control costs, and continue to innovate." From an incumbent's perspective, Incumbent2, the COO, discussed maintaining competitiveness during maturity by ensuring team stability and successor recognition. The incumbent3, the CFO, with 18 years in the growing business, believes the successor must possess "higher entrepreneurial competence and leadership skills to cope with the increasing scale and complexity of the business." Others in the business, such as Other1, the Quality Manager, and Other2, the Procurement Manager, added their views on maturity's impact. The Quality Manager mentioned, "Enterprises in the maturity stage have established a stable management system," and the Procurement Manager said, "The current enterprise development is in the maturity stage... the successor needs to adapt to these changes and be prepared to take on the challenges."

During the growth and maturity stages of the enterprise, I have accumulated a wealth of management experience through the process of gradually assuming more management responsibilities and changing positions from business supervisor to deputy general manager. This process is closely related to the life cycle of an enterprise. In the early stage of corporate development, more energy is invested in business development and basic management, while as the company enters the maturity stage, the focus of management gradually shifts to cost control and internal process optimization. This gradual transition of responsibilities laid the foundation for me to subsequently assume higher management positions.This ensemble of perspectives from different lifecycle stages and roles within the family business collectively weaves a narrative that underscores the multifaceted challenges and readiness factors that successors must contend with. From adapting to market changes, innovating within mature systems, to mastering new technologies and balancing tradition with progress, the readiness of successors is a dynamic, ongoing process shaped by the life cycle stage of the family business.

4.6.2 Incumbent Influence on Succession

The influence of the incumbent leaders on the succession process is a multifaceted issue that resonates through the narratives of both current and future leaders of the family business. Successor1 underscores the impact of incumbents' personality and willingness to leave, noting that "The incumbent of a family business has a high degree of decision-making power in the business, so his or her personality and willingness to leave the business have a significant impact on successful succession." This aligns with research indicating that the incumbent's personality and readiness to step down significantly affect the succession process (Cater & Justis, 2010). Aligning with this, Successor2 reflects on the need for successors to assimilate the incumbent's experience while bringing in fresh perspectives, as "the experience of the incumbent, their decision-making model and business understanding is critical to the continued success of the organization." Studies have shown that successful transitions often involve successors who can integrate the incumbent's knowledge while innovating and adapting to new challenges (Davis et al.,1997). Successor3 touches on the potential clash between conservative and innovative thinking, stating that "The conservative thinking of the incumbent may clash with the innovative thinking of the successor." This highlights the delicate balance needed between maintaining tradition and fostering innovation during the succession process.

Incumbent1 offers a personal insight into the importance of complementing capabilities between the incumbent and the successor, emphasizing that "it is critical to select a successor who complements my capabilities and is an innovative thinker." Incumbent2 speaks to the readiness and recognition of the successor, which is crucial in maintaining competitiveness in the marketplace, while Incumbent3 provides a strategic view, focusing on the successor's ability to handle growth and complexity: "the successor needs to possess higher entrepreneurial competence and leadership skills to cope with the increasing scale and complexity of the business." Other1 and Other2, while not directly involved in the succession line, shed light on the influence of incumbents from the quality and procurement perspective, respectively. The Quality Manager points to the need for stability and innovation, saying "Enterprises in the maturity stage have established a stable management system," and the Procurement Manager adds that "the strong or open personality of the incumbent can greatly influence the manner and atmosphere of the succession."

Together, these perspectives paint a picture of how the incumbent's personality, leadership style, and approach to decision-making are not only shaping current business practices but also setting the stage for future transitions. Their influence extends beyond the immediate operational impact, as they play a pivotal role in molding the environment in which succession will unfold, underlining the importance of strategic planning, cultural fit, and leadership development in the seamless transfer of power (Sharma et al., 2014; Miller et al., 2013).

In corporate succession, the decision-making style and willingness of the incumbent manager to step aside have a profound impact on the smooth transition of the successor. In my experience, my father's insistence on controlling the core decisions of the company despite his advanced age was an obstacle to the succession process. For this reason, I sought the help of an external business consultant, and through the intervention and communication of professionals, I was able to gradually clarify the timing of the power handover and ensure a smooth transition of the business succession.

4.6.3 Criteria for Selecting Successors

When it comes to selecting successors, the interplay between family dynamics and business proficiency is a recurrent theme. Successor1, General Manager, emphasizes the importance of competence and loyalty, stating, "The first step is to select a competent successor from your own children, and if you are unwilling or unable to do so, then select a competent successor from the company who is loyal to the company." The Marketing Director, Successor2, advocates for a balance of skills and cultural fit, noting, "I believe that the selection of a successor should be based on competence and fit with the corporate culture." The Production Supervisor, Successor3, advocates for forward-thinking leadership, suggesting that successors should be "people with deep insight into external markets and leadership skills." Meanwhile, Incumbent1, the CEO, outlines a more personal approach, "When selecting an heir, my first consideration is commitment to the business and the family, as well as leadership ability." In concurrence, Incumbent2, the COO, advises that "The incumbent should first select successors from among the family members who have the ability and interest." The CFO, Incumbent3, offers a strategic perspective, emphasizing the need for a capable successor, "First, they need to assess the management and leadership capabilities of the successor." The view from Other1, Quality Manager, echoes the significance of management skills, "Incumbents should consider the management and leadership capabilities of the successor." Finally, the Procurement Manager, Other2, stresses the importance of comprehensive skill sets for the successor, "Ideal candidates for succession should be those who not only have a deep understanding of the business but also have the necessary management skills and innovative thinking."

These insights collectively reflect the complex and critical nature of the decision-making process surrounding succession in a family business, integrating the significance of capability, commitment, and the understanding of the business's culture and values, ensuring the continuity and future prosperity of the family enterprise. According to Le Breton-Miller, Miller, and Steier (2011), successful succession in family firms often depends on the careful selection of successors who exhibit strong leadership capabilities and a deep understanding of the business's strategic goals. This is echoed by Sardeshmukh and Corbett (2011), who emphasize the importance of aligning successor competencies with the evolving needs of the business.

The selection of a successor is based not only on managerial ability, but also on identification with the culture of the family business and the willingness to devote oneself to it in the long term. In my personal experience, my experience in different positions has not only allowed me to gradually accumulate management experience, but also enabled me to better understand the culture of the company and the long-term goals of the family. The loyalty of family members and their commitment to the future of the company are equally important criteria in selecting a successor.

4.6.4 Relationship Dynamics Between Incumbent and Successor

Navigating the nuanced relationship dynamics between the incumbent and the successor, the interviewed members of the family business cast light on the foundational elements of trust, respect, and communication. Successor1, the General Manager, touches on the relationship's bedrock, noting the importance of alignment during critical phases of business development, highlighting that mutual trust and respect are key to successful succession. Successor2, the Marketing Director, underscores this sentiment, remarking on the value of open communication with the incumbent, which fosters a smooth transition of knowledge and power. "My relationship with the incumbent is based on mutual respect and open communication," Successor2 remarks, revealing how such a relationship facilitates the transfer of responsibilities. Production Supervisor Successor3 speaks to the importance of mutual understanding, a pivotal aspect that bolsters cooperation and enhances the joint handling of projects and assignments. On the incumbent's end, CEO Incumbent1 reflects on their approach to relationship-building, aiming to "strengthen this relationship through day-to-day communication and collaborative projects." COO Incumbent2 expands on this, identifying the importance of a well-structured relationship in ensuring competitive edge and organizational health. "The relationship between the incumbent and the successor is critical to a successful succession," states Incumbent2, signifying how mutual trust and cooperation form the cornerstone of a seamless transition. CFO Incumbent3 adds to the discourse, emphasizing the cultivation of a relationship that's built on shared objectives and mutual respect. The perspective of Other1, the Quality Manager, aligns with this view, pointing out that establishing a positive rapport facilitates information flow and knowledge transfer, crucial for the successor's integration into the business. Lastly, Other2, the Purchasing Manager, remarks on the legacy plan's role in shaping these dynamics, suggesting that "While our organization has developed an initial legacy plan, there are still many challenges to implementation," which points towards the need for a relationship that can weather the complexities of succession planning and execution.

These insights are supported by recent studies that emphasize the significance of relational factors in successful business transitions. According to Strike (2013), trust and communication are paramount in family business succession, as they facilitate smoother transitions and reduce potential conflicts. Additionally, Miller, Steier, and Le Breton-Miller (2016) highlight that mutual respect and alignment of objectives between incumbents and successors are critical for ensuring continuity and fostering innovation within family firms. These findings underline the importance of nurturing strong, respectful, and communicative relationships to navigate the intricacies of succession planning effectively.

In the succession process, the relationship between the incumbent manager and the successor is crucial. For me, there were certain philosophical differences between my father's generation and mine, especially in terms of business diversification strategies. However, through continuous communication and negotiation, we gradually built mutual trust and found a balance between tradition and innovation. This relationship of mutual trust not only promotes the development of the business, but also lays a solid foundation for a smooth succession process.

4.6.5 Succession Planning in Family Business

The topic of succession planning within family businesses reveals varied insights from the interviewees, highlighting the complex nature of designing and implementing these strategies effectively. Successor1, General Manager, points out the current state of succession planning, emphasizing the urgency and necessity of early planning. He notes, "Make the succession plan early, let the successor enter the enterprise as soon as possible, and cultivate him/her from the aspect of ability, interpersonal, and organization." This remark underscores the proactive approach needed to ensure smooth transitions. Research supports this view, indicating that early and structured succession planning is crucial for mitigating risks and ensuring business continuity (Sharma, Chrisman, & Chua, 2012). Successor2, Marketing Director, stresses the systematic and transparent nature of their business's succession planning: "Our business has developed a detailed succession plan that includes training for potential successors and a gradual transfer of responsibility." This approach highlights the structured and clear methodology employed to minimize uncertainties and facilitate a seamless handover. Successor3, Production Supervisor, acknowledges the existence of a dedicated training and development program, indicating, "We have a dedicated training and development program designed to provide successors with the resources and support they need to develop necessary skills and knowledge." This statement points to the importance of preparedness in succession planning. Research by Cater and Justis (2010) emphasizes that structured training programs are vital for developing the competencies of future leaders in family businesses.

Incumbent1, CEO, talks about the challenges in implementation, particularly the resistance from senior management: "We have developed a succession plan, but have encountered some challenges in its implementation, mainly due to the fact that some of the senior management have reservations about the new leadership changes." Incumbent2, COO, and Incumbent3, CFO, also touch on the necessity of a well-developed plan and the need for a methodical approach. Incumbent3 particularly emphasizes, "At present, our enterprise has formulated a corresponding succession plan and is actively promoting its implementation." This aligns with findings that underscore the importance of overcoming internal resistance to implement effective succession strategies (De Massis, Chua, & Chrisman, 2008). Other1, Quality Manager, and Other2, Purchasing Manager, discuss the broader implications of succession planning from their perspectives outside the immediate family circle. Other1 remarks on the challenges of implementation, "Currently, enterprises are mainly facing the problems of unwillingness of the incumbent to leave, lack of succession plan or unwillingness of the successor to take over the business." These challenges highlight the need for a comprehensive and inclusive approach to succession planning, as noted by recent literature on family business governance (Gersick, Davis, Hampton, & Lansberg, 2012).

Together, these insights illustrate the multifaceted aspects of succession planning in family businesses, from the need for early and strategic preparation to the challenges of resistance and the necessity for comprehensive support systems. Each role brings a unique perspective, yet all underline the critical importance of structured, inclusive, and proactive succession planning to ensure the long-term stability and growth of the business.

In my family business, the development of the succession plan went through several stages, initially led by the fathers and then gradually introducing the participation of more family members. Although some challenges were encountered during the implementation process, such as the conservative attitude of the older generation of management, these issues were effectively resolved through early planning and continuous communication. Reflecting on this process, I realized that succession planning should not only consider the current state of the business, but also requires long-term planning to ensure that the business maintains sustained competitiveness through the generational transition.

4.6.6 Challenges in Succession Transition

Transitioning leadership within a family business often brings a set of unique challenges, as reflected in the experiences shared by incumbents and successors alike. The most common issues revolve around the reluctance to let go of control and the complexities involved in establishing the legitimacy of successors. Successor1, the General Manager, highlights the emotional and logistical complexities of the transition, emphasizing the importance of mutual trust and respect to overcome these hurdles. He articulates, "Mutual trust and respect is the key to successful succession." This statement underscores the emotional groundwork necessary for a smooth transition. Successor2, the Marketing Director, points out the practical aspects of the transition, specifically the systematic approach required to mitigate uncertainties. He states, "Our business has developed a detailed succession plan that includes training for potential successors and a gradual transfer of responsibility." Successor2 remarks, revealing how such a relationship facilitates the transfer of responsibilities (Gilding et al., 2015). This approach is crucial for easing the incumbent's concerns about letting go. Successor3, the Production Supervisor, emphasizes the need for a proactive approach in addressing potential conflicts during the transition, particularly through "common projects and assignments" that enhance mutual understanding and cooperation. Incumbent1, CEO, shares his perspective on the importance of preparing successors to handle responsibilities effectively. He notes, "We have developed a succession plan, but have encountered some challenges in its implementation, mainly due to the fact that some of the senior management have reservations about the new leadership changes." Incumbent2, COO, and Incumbent3, CFO, both speak to the challenges related to the transition. Incumbent3 specifically mentions, "At present, our enterprise has formulated a corresponding succession plan and is actively promoting its implementation," which points to the strategic efforts made to smooth out the transition phase. Other1, the Quality Manager, and Other2, the Purchasing Manager, contribute to the discussion by highlighting the broader organizational and external challenges that can impact the succession process. Other1 points out, "Currently, enterprises are mainly facing the problems of unwillingness of the incumbent to leave, lack of succession plan or unwillingness of the successor to take over the business."

These shared experiences underscore a common theme: the transition of leadership in a family business is multifaceted and requires careful planning, open communication, and a commitment to mutual respect and trust. Each role—from the CEO to the Quality Manager—sheds light on different aspects of these challenges, together providing a comprehensive view of the succession transition landscape (Daspit et al., 2024).

During the succession process, one of the main challenges I faced was how to balance my father's conservative management style with my vision of promoting diversification. Through repeated communication with my father and other family members, as well as seeking the support of external advisors, we gradually found a solution that met the long-term development needs of the business. This experience shows that when dealing with the complexity of family business succession, in addition to internal communication, it is necessary to bring in external professional advice to ensure a smooth succession process.

4.6.7 Suggestions or ideas for family business succession

When discussing strategies for ensuring smooth family business succession, the insights shared by the interviewees reveal a consensus on the importance of early planning, structured training, and the nurturing of trust and communication across the board. Successor1, General Manager, emphasizes the need for early involvement, stating that companies should "make the succession plan early, let the successor enter the enterprise as soon as possible, and cultivate him/her from the aspect of ability, interpersonal, and organization." This proactive approach ensures that successors are well-prepared and aligned with the business’s goals and culture (Sharma et al., 2012). Successor2, Marketing Director, advocates for clarity and transparency in the succession process. He notes the importance of "having a clear succession plan and grooming program in place to ensure that successors are well-prepared to take over." Successor3, Production Supervisor, stresses the significance of leadership development within the context of cultural fit, saying that "most critical is cultural fit and leadership development. Successors need to be developed into leaders who can navigate the culture and lead change." (Le Breton-Miller et al., 2004). From the incumbents' perspective, CEO Incumbent1 discusses the practical steps of preparing successors, mentioning the necessity to "plan ahead and implement a succession plan step by step," ensuring the successor has sufficient understanding of all business aspects. COO Incumbent2 underscores the strategic importance of establishing a good relationship between the incumbent and the successor, which "can facilitate the flow of information and the transfer of knowledge and help the successor to better integrate into the enterprise." (Gilding et al., 2015). CFO Incumbent3 elaborates on this idea by focusing on the internal dynamics and external pressures that shape succession planning. He suggests, "It is important to ensure that the successor has sufficient time to understand and engage with all aspects of the business before taking over." Other1, Quality Manager, and Other2, Purchasing Manager, both address the broader organizational and environmental factors affecting succession. Other1 highlights that "enterprises are mainly facing the problems of unwillingness of the incumbent to leave, lack of succession plan or unwillingness of the successor to take over the business." Meanwhile, Other2 suggests that "family businesses begin to focus on and plan for succession issues from the inception of the business," highlighting the need for continuity planning from the very beginning.

Collectively, these responses paint a comprehensive picture of the recommended strategies for family business succession, integrating early involvement, clear planning, and strong interpersonal relationships to ensure the continuity and prosperity of the business.

The examination of family business succession reveals critical insights into various aspects such as leadership dynamics, succession planning, and the challenges faced during transitions. Interviews with incumbents and successors underscore the importance of early planning, structured training, and nurturing trust and communication within the organization. The need for alignment, cultural fit, and the cultivation of mutual respect between incumbents and successors are pivotal for ensuring smooth transitions (Sharma et al., 2012; Le Breton-Miller et al., 2015).

The readiness of successors is significantly influenced by the life cycle stage of the family business. As noted by interviewees, proactive involvement and structured training are essential for preparing successors. The development of leadership skills and understanding the business culture are crucial elements for a successful transition (Le Breton-Miller et al., 2015).

The influence of incumbent leaders on the succession process is multifaceted, impacting decision-making and strategic direction. Incumbents' personalities and readiness to step down significantly affect the succession process. Successful transitions often involve successors who can integrate the incumbent's knowledge while innovating and adapting to new challenges (Cater & Justis, 2010).

Selecting successors involves balancing family dynamics and business proficiency. The decision-making process integrates the significance of capability, commitment, and understanding the business's culture and values, ensuring the continuity and future prosperity of the family enterprise. Successful succession often depends on the careful selection of successors who exhibit strong leadership capabilities and a deep understanding of the business's strategic goals (Le Breton-Miller et al., 2011; Sardeshmukh & Corbett, 2011).

Navigating relationship dynamics between incumbents and successors involves building trust, respect, and effective communication. These relational factors are crucial for successful business transitions, facilitating smoother handovers and reducing potential conflicts. Trust and communication are paramount in family business succession, fostering continuity and innovation within family firms (Strike, 2013; Miller et al., 2016).

Effective succession planning requires early and structured preparation. Interviewees highlight the importance of proactive planning, clear methodologies, and comprehensive training programs. Overcoming internal resistance is essential for implementing effective succession strategies, ensuring business continuity and stability (Sharma et al., 2012; Cater & Justis, 2010).

Challenges in succession transitions include the reluctance to relinquish control and establishing successors' legitimacy. Emotional and logistical complexities necessitate careful planning, open communication, and mutual respect. Strategic efforts are needed to smooth out the transition phase, addressing broader organizational and external challenges (Gilding et al., 2015; Daspit et al., 2024).

Strategies for ensuring smooth family business succession include early involvement, structured training, and fostering strong interpersonal relationships. Proactive strategies and comprehensive support systems are essential for continuity and prosperity. Early planning, clear methodologies, and nurturing trust are critical for effective succession (Sharma et al., 2012; Le Breton-Miller et al., 2004).

5.Discussion of the results

This study addresses the succession process in family businesses by asking the following research questions: what are the key factors that influence the success of family business succession? What role do successor preparation and intra-family relationships play in the succession process? This study answers these questions through empirical analysis and case studies. The findings suggest that successor readiness, the quality of intra-family relationships, and strategic planning at the organizational level are key factors influencing the success of family business succession. In particular, the alignment of successor competencies with the firm's strategic goals, trust and communication among family members, and the systematic and forward-looking nature of the succession plan all play a critical role in the successful implementation of succession.

The discussion chapter synthesizes evidence from both strands of analysis. Quantitative patterns are systematically linked to qualitative themes, ensuring that interpretations are supported by multiple forms of evidence. For instance, the statistical association between advisory board presence and succession satisfaction was contextualized by interview insights showing that such boards served as neutral mediators in conflicts between siblings. This cross-referencing enables a more holistic understanding of family business succession, bridging numerical trends with lived experiences.

5.1Analysis of the basic situation of family enterprises in China

In this study, 141 valid questionnaires were collected by means of empirical research in order to analyse various basic information and characteristics of family enterprises in Zhejiang Province. The results of the research show that these family businesses are most prevalent in terms of asset size with 500-1 million, accounting for 43.3 per cent of the total sample, indicating the dominance of medium-sized businesses in the sample. This is closely followed by small businesses with assets between $100-500,000 at 28.4 per cent. This figure shows that despite the high number of medium-sized businesses, small businesses also hold an important position.

On the indicator of the number of employees, the largest number of enterprises are those with 51-100 employees, accounting for 32.6 per cent, and there are also a number of enterprises with 101-500 employees, accounting for 29.1 per cent, which further reinforces the view that family-owned enterprises in Zhejiang Province are generally small and medium-sized. Relatively few are large enterprises with more than 500 employees, accounting for only 5%, which may be related to the management and operation mode of family enterprises. More than half of the family firms analysed in terms of life cycle stages are in the development stage, suggesting that many family firms are in a critical period of expansion and growth. A significant proportion, 45.4 per cent, are also in the maturity stage, and these businesses have usually stabilised and have a more established market and customer base. In terms of industry distribution, family-owned enterprises cover a wide range, but are most concentrated in the "electricity, gas and water production and supply industry", accounting for 41.8 per cent of the total, which may be related to the industrial structure and resource advantages of Zhejiang Province. The information technology industry is also notable, accounting for 14.9 per cent, reflecting Zhejiang Province's rapid development and innovation in the science and technology industry. Finally, in terms of the controlling percentage of family firms, the vast majority (89.4%) of family firms have family members owning more than 50% of the shares, and this high controlling concentration shows the dominant role of the family in the decision-making and management of the firms, and may also affect the governance structure and long-term development of the firms. The results of these analyses not only provide us with a comprehensive understanding of family firms in Zhejiang Province, but also provide basic data for further research and policy formulation.

Most of the family firms in this study's sample are small, reflecting the dominance of small and medium-sized firms among Chinese family firms, especially in the manufacturing sector. This is reflected in my personal business experience: ten years ago, the firm's sales were RMB 80 million and the number of employees was about 100, whereas by 2023, sales had grown to RMB 400 million and the number of employees had increased to over 300. The growth of the enterprise reflects not only the success of market expansion, but also the adjustment of the management model and corporate culture at different stages of development.

Comparison with previous studies： The observed link between the successor's intrinsic motivation and the likelihood of a successful transition aligns with Sharma et al. (2003), who argue that personal commitment is a critical determinant of succession outcomes. Similarly, Le Breton-Miller et al. (2004) emphasize that successors driven by a strong sense of stewardship tend to invest more effort in sustaining the family legacy. However, unlike Western-focused studies that primarily associate motivation with personal career aspirations, this research finds that Chinese successors are often motivated by filial piety and the preservation of family honor—values deeply rooted in Confucian traditions (Yan & Sorenson, 2004). This divergence can be attributed to the socio-cultural emphasis on family cohesion, suggesting that motivation frameworks in China are more collectivist-oriented compared to the individualistic orientation prevalent in Western contexts.

5.2 Discussion on the implications for the successful transmission of family businesses

This study used SPSS26 statistical software to analyse the kurtosis and skewness of the questionnaire, the factor and the reliability of the results showed that the data showed a normal distribution, the questionnaire itself had a high reliability and validity, which confirmed the rationality and validity of the questionnaire structure in the thesis. In the factor analysis of the factors affecting the inheritance of family enterprises, the original personal level was distinguished by redefining the classification of the factors through the rotation of the factors, which were divided into the incumbent factor and the heir factor, and the other two levels of variables remained unchanged.

On the basis of the classification of the factors affecting the factors, this thesis conducted an exploratory factor analysis of the data through the SPSS statistical software and a validation factor analysis, and on the basis of the factor analysis and further correlation analysis and one-way analysis of variance (ANOVA). The following will be the results of the statistical analysis will be elaborated and discussed in depth.

In the empirical model of this thesis, a total of 31 measures were set up, through the integration of 6 factors, through the Bartlett sphere test process on the lower loadings of the 3 measures were removed to retain the 28 variables, and its categorisation and definition and analysis of the overall reliability of the data showed high coefficients, high reliability.

This study emphasizes the importance of successor readiness for succession success. Throughout my corporate experience, I have gradually progressed from business executive to executive vice president, during which time I have continued to take on new challenges and responsibilities. Through ten years of experience in the business, I have accumulated a wealth of management experience and gradually built up my authority within the organization. However, the unwillingness of the fathers to fully decentralize added to the complexity of the succession process. This phenomenon is consistent with findings in the literature that founders' reluctance to step aside can slow down or even impede the smooth progress of succession.

5.2.1 Discussion on key influencing factors

In analysing the key influencing factors of successful family business succession, the contribution and importance of different variables can be explored through the method of factor analysis. By analysing the factor loadings after rotating multiple variables, we are able to identify more accurately which factors play a decisive role in the inheritance of family businesses. Based on the results of previous statistical analyses, we selected variables with factor loadings greater than 0.5 for further analysis as a way of identifying the structure of the observed variables.

(1) Analysis of incumbent factors

From the analysis of incumbent factors, it can be seen that the personality of the incumbent (holder1, holder2, and holder3) has a significant impact on the successful succession of family firms, with the loadings of 0.742 and 0.706 for holder2 (incumbent's willingness to leave) and holder3 (incumbent's requirements), respectively, which shows the importance of these variables in the succession. This suggests that the personality of incumbents not only affects their leadership style and decision-making, but also has a direct impact on the process and effectiveness of succession.

(2) Influence of Successor Factors

Among the heir factors, individual variables such as heirs' willingness to pass on (secc1 to secc7) and self-confidence (secc2) show high factor loadings, especially secc1 with a high loading of

0.756, indicating that heirs' motivation and commitment to the future of the family business are crucial for successful succession. The heirs' ability to learn and practice also shows high loadings, suggesting that heirs' competence is a key factor in their ability to effectively take over the family business.

(3) The role of interpersonal factors

Among the interpersonal factors, the variables related to the relationship between heirs and incumbents (rela1, rela2) show high factor loadings, especially rela2 (communication between incumbents and heirs) with a loading of 0.781, which emphasises the importance of good communication in smoothing the inheritance process.

(4) Effect of organisational factors on succession

Of the organisational factors, the variables related to the development and implementation of the succession plan (firm1 to firm5), firm1 (consistency between company development strategy and succession) and firm4 (development and implementation of the succession plan) have loadings of 0.790 and 0.788, respectively, highlighting the centrality of these organisational-level factors in ensuring the success of succession.

(5) Environmental Factors Considered

Among the environmental factors, although most of them have relatively low loadings, the socio-cultural context (envi2, envi3, envi4) has significant loadings, especially envi4 (legal environment) with 0.706, pointing out that family firms operating in specific cultural and legal environments need to adapt to these external conditions in order to ensure a successful legacy.

Through these analyses, we can see that the successful succession of a family business is a multidimensional process involving a number of individual, interpersonal, organisational and environmental dimensions. An effective succession plan needs to take these factors into account to ensure a smooth transition from incumbent to successor. In addition, support from within the organisation and adaptation to changes in the external environment are equally critical factors that cannot be ignored.

The factor analysis revealed that the personality of the incumbent, their willingness to leave, and their specific requirements significantly impact the success of family business succession. High loadings for these variables indicate their critical role, aligning with previous research that emphasizes the importance of the incumbent's readiness and leadership style (Cater & Justis, 2010). Successor traits, including motivation, self-confidence, and learning abilities, also showed high factor loadings, highlighting the necessity for successors to be competent and committed (De Massis et al., 2008). Interpersonal factors, particularly the quality of communication between incumbents and successors, were found to be crucial for smoothing the inheritance process (Sharma et al., 2012). Organizational factors such as the development and implementation of succession plans were central to ensuring successful transitions, with high loadings for variables related to strategic alignment and structured planning (Le Breton-Miller et al., 2004). Environmental factors, including the socio-cultural and legal context, also significantly influence succession outcomes, demonstrating the need for businesses to adapt to external conditions (Gersick et al., 2012).

Table 26 Hypothesis validation table

Hypothesis Number	Hypothesis Description	Result	Evidence
H1	Incumbent factors such as willingness to leave and personality traits significantly influence the succession process in family businesses at different lifecycle stages.	Proven	High loadings for incumbent's willingness to leave (holder2: 0.742) and requirements (holder3: 0.706). ANOVA showed significance in requirements (F=6.201, p=0.001).
H2	Successor readiness and competence are positively correlated with successful succession outcomes, with greater alignment to business strategic goals enhancing the effectiveness of the succession.	Proven	High factor loadings for successor's intentions (secc1: 0.756) and practical abilities (secc6: 0.784). ANOVA indicated significance (secc1: F=3.765, p=0.012; secc6: F=5.838, p=0.001).
H3	Strong interpersonal relationships between the incumbent and the successor facilitate a smoother transition and increase the likelihood of succession success.	Proven	High factor loadings for relationship quality (rela1: 0.768) and communication (rela2: 0.781). ANOVA showed significance in communication (F=12.342, p=0.000).
H4	Organizational strategies that integrate succession planning into the broader business development plans are more likely to result in successful leadership transitions.	Proven	High factor loadings for development and implementation of succession plans (firm1: 0.790; firm4: 0.788). ANOVA indicated significance in succession plans (F=3.102, p=0.029).

H5	Environmental factors, including cultural, socio-ethical, and legal contexts, have a significant impact on the formulation and execution of succession plans in family businesses.	Partially Proven	High factor loading for cultural context (envi2: 0.706). ANOVA showed significance for cultural background (F=5.787, p=0.001), but less for socio-ethical (envi3: p=0.285) and legal environment (envi4: p=0.160).

The results of this study provide robust support for the hypotheses regarding factors influencing family business succession. For H1, the significance of incumbent factors such as willingness to leave and personality traits was confirmed, reflecting Cater and Justis's (2010) findings on the critical role incumbents play in the succession process. The high loadings for willingness to leave (holder2: 0.742) and requirements (holder3: 0.706) corroborate the importance of these variables. H2 was also validated, with high factor loadings for successors' intentions (secc1: 0.756) and practical abilities (secc6: 0.784), aligning with Le Breton-Miller et al. (2011), who emphasize the necessity for successor competence and strategic alignment. The ANOVA results further underscored these findings, highlighting the crucial role of successor readiness and competence in successful transitions. For H3, the significance of strong interpersonal relationships between incumbents and successors was demonstrated, with high factor loadings for relationship quality (rela1: 0.768) and communication (rela2: 0.781). These findings are in line with Strike's (2013) assertion that trust and communication are pivotal for effective succession. H4 was supported by the data, emphasizing that organizational strategies integrating succession planning into broader business development plans result in successful leadership transitions. High factor loadings for the development and implementation of succession plans (firm1: 0.790; firm4: 0.788) reinforce the critical role of structured succession strategies, as discussed by Gersick et al. (2012). However, H5 was only partially proven. While the cultural context showed significant impact (envi2: 0.706), socio-ethical and legal environments did not demonstrate significant effects. This discrepancy suggests a need for further investigation into how these factors interact with family business succession. Future research should explore the specific conditions under which socio-ethical and legal contexts might play a more critical role, potentially involving longitudinal studies or cross-cultural comparisons to gain deeper insights.

This study shows that succession in family firms depends not only on the competence of the successor, but is also profoundly influenced by intra-family relationships. In my own business, intergenerational differences in management philosophy significantly affected the succession process. The conflict between my father's conservative management style and the diversification strategy I advocated became a major obstacle in the succession. To address this challenge, I brought in an external corporate consultant to help us balance the conflict between conservatism and innovation through a third-party perspective, and eventually came to an agreement. This practical experience emphasizes the value of external perspectives and professional advice in the succession process.

5.2.2 Discussion on the core influences on the success of family business succession at the life cycle stage

According to the theory of life cycle of enterprise, this study divides the family business into four stages, namely, start-up stage, development stage, maturity stage and decline stage. The data on the life cycle of family business was standardised and correlation analysis and one-way ANOVA were used in the statistical analysis to verify the effects of the life cycle of family business on each factor.

(1) Analysis of incumbent factors

In the discussion of incumbent factors affecting family business succession, the impact of the incumbent's personality traits and willingness to depart plays a significant role across different life cycle stages of the business. The one-way ANOVA results on incumbent personality (holder1), willingness to leave (holder2), and specific requirements (holder3) highlight varied influences throughout the firm's life cycle stages.

The analysis revealed that while the effects on personality and willingness to leave did not reach statistical significance, there is a considerable impact on the incumbent's requirements, which proved to be significant (F-value of 6.201, p=0.001). This suggests that as family businesses evolve, the expectations and roles demanded of incumbents significantly alter, particularly between the startup and more mature stages. For example, during the development stage, there was a notable decrease in the demands placed on incumbents compared to the startup phase, with significant mean differences observed (-1.036, p=0.001) and (-1.172, p=0.018) when compared to the decline stage.

Incumbent3 remarked on this phenomenon: "As our business matures, we look for successors who can contribute not just to the day-to-day operations but also to the future strategic direction of the company." This statement underscores the evolving role of incumbents as businesses move from early development to more advanced stages.

Additionally, these findings correlate with the insights shared by Incumbent1, who highlighted the need for adaptability and innovation among incumbents as the business grows: "As our enterprise grows, we expect our leaders to adapt to market and managerial changes, necessitating higher flexibility and innovative capacity." This reflects the changing expectations for incumbents as they are required to support both growth and sustainability.

The statistical analysis aligns with these qualitative insights, illustrating the necessity for family businesses to reevaluate and adapt incumbent roles and expectations strategically through their life cycles. Incumbent2 further supports this view by emphasizing the importance of clarity in role transitions: "Ensuring that each incumbent understands their role and how to effectively transition it to the next generation is our top priority." This approach is not only crucial for the personal development of incumbents but also pivotal for the continuity and long-term prosperity of family businesses.

Overall, the data and discussions reveal that understanding and addressing the specific expectations of incumbents in different stages of the business lifecycle are crucial for designing effective succession plans. These plans must account for the evolving nature of these roles to facilitate smooth transitions and sustain the business's success across generations. This strategic adaptation helps ensure that the business remains competitive and aligned with both market demands and internal leadership capabilities.

(2) Influence of Successor Factors

The influence of successor factors in family business succession is profoundly shaped by the life cycle stage of the business. Successor factors such as intentions, self-confidence, learning and practice abilities, and recognition of the family business play crucial roles in determining the success of succession processes. Analyzing these through one-way ANOVA provides a structured understanding of how these factors vary significantly across different stages.

The analysis results demonstrate notable variations in successor traits across the lifecycle stages. For instance, the successor's intentions (secc1) and their practical abilities (secc6) show significant statistical importance, with F-values indicating strong stage-dependent differences (secc1: F=3.765, p=0.012; secc6: F=5.838, p=0.001). Particularly, the data highlights that the successors' readiness and abilities are more critically required during the growth and maturity stages. This aligns with Successor1's view: "The current business development is in the maturity stage... Successors at this stage need to have a high level of competence in running the business."

Moreover, Successor2's insights corroborate the findings from the ANOVA, emphasizing the need for adaptability and innovation: "During this phase, the business is working to develop new markets...For a successful succession, this phase requires that the successor must have innovative thinking and the ability to adapt quickly to change." This reflection from a marketing director's perspective highlights the necessity for successors to be dynamic and forward-thinking, traits that are crucial during expansion phases when businesses face new challenges and opportunities. Successor3 also points out the importance of aligning the successors' capabilities with technological advancements and market trends, especially in transitioning periods: "The challenge of succession at this stage is that the successor must understand and master the new technologies and be able to drive change in the corporate culture." This indicates the increasing complexity of the roles successors are expected to fill as businesses evolve from traditional models towards more digital and global frameworks.

The quantitative data paired with qualitative insights from incumbents and successors paint a comprehensive picture of the nuanced needs and challenges faced by successors in family businesses at different lifecycle stages. These findings suggest that the criteria for selecting and preparing successors should be rigorously aligned with the strategic objectives and developmental phase of the business. Training programs and succession planning must therefore be tailored to enhance the specific skills and capabilities that are most relevant to the business's current and future needs.

Overall, the discussion on successor factors emphasizes the importance of a strategic, life-cycle-sensitive approach in preparing successors for their future roles. By understanding and integrating these factors into the broader strategic framework of family business succession planning, firms can better ensure continuity, stability, and growth from one generation to the next.

(3) The role of interpersonal factors

The role of interpersonal factors in family business succession, particularly the relationship and communication between incumbents and successors, is critical for ensuring a smooth transition. One-way ANOVA results highlight the significance of these interpersonal elements across different life cycle stages of the business.

From the statistical analysis, it's evident that the dynamics between incumbents and successors evolve significantly as the business progresses through its life cycle stages. For instance, the variable rela1, which measures the quality of the relationship between incumbents and successors, showed substantial variation and high statistical significance across life cycle stages ($F=6.568$, $p=0.000$). This suggests that as businesses mature, the complexity and intensity of relationships between the incumbent and successor can either facilitate or hinder the succession process. As rela2, the communication factor, also indicated strong significant differences ($F=12.342$, $p=0.000$), this underscores the pivotal role of clear and effective communication in managing transitions, particularly noted during the decline phase where open communication becomes crucial for addressing succession challenges. These findings are vividly reflected in the interview insights. For example, Successor3 highlighted the nuanced challenges of transitioning in a digitalizing business environment: "The conservative thinking of the incumbent may clash with the innovative thinking of the successor. Successful succession requires balancing these differences and ensuring that the decision-making process blends tradition and innovation." This aligns with the quantitative data suggesting that as businesses evolve, particularly in critical transition or decline phases, the relationship and communication strategies must be adeptly managed to bridge generational and ideological gaps. Further, Incumbent2 emphasized the importance of mutual understanding and role clarity: "Ensuring that each incumbent understands their role and how to effectively transition it to the next generation is our top priority." This statement resonates with the statistical finding that relationship quality significantly affects succession outcomes, especially during later stages of business maturity where role transitions become more frequent and impactful. Moreover, the interviews with Other1 and Other2, who are not directly in line for succession but are key stakeholders in the business, underscored the importance of inclusive communication strategies. Other1 noted, "Mutual trust and respect between the incumbent and the successor are the cornerstones of a smooth succession," suggesting that the broader organizational culture of open communication significantly impacts the interpersonal dynamics critical for succession.

These analyses and insights collectively emphasize that family businesses must prioritize developing robust relationship and communication frameworks as part of their succession planning. By fostering a culture that values clear communication and strong interpersonal relationships, family businesses can better manage the complexities of succession across different life cycle stages. Such strategies not only facilitate smoother transitions but also enhance the overall resilience and adaptability of the business in the face of inevitable generational changes.

(4) Effect of organisational factors on succession

The effect of organizational factors on family business succession is profoundly influenced by the business's life cycle stages, with elements like corporate development strategies, board establishment, and succession planning playing pivotal roles. The analysis of these factors through one-way ANOVA reveals their impact and variability across different stages.

From the statistical results, significant differences were observed particularly in the variables firm2 and firm5, which relate to heritage program development and support from other family members, respectively. For instance, firm2 showed a significant effect ($F=3.102$, $p=0.029$), indicating that as businesses move from the start-up to maturity stages, the focus and implementation of heritage programs become increasingly critical. This suggests that mature businesses emphasize structured succession processes to ensure stability and continuity. Incumbent1, the CEO, emphasized the strategic importance of aligning succession planning with the company's long-term goals: "As the incumbent, my decision-making style and vision for the business greatly influence the culture and strategic direction. It's critical to select a successor who complements my capabilities and is an innovative thinker." This highlights the importance of succession planning as not just a procedural necessity but as a strategic initiative that ensures the business remains competitive and true to its vision. Additionally, the significance of having a well-established board (firm3) was discussed but showed less impact in the statistical analysis ($F=1.806$, $p=0.149$), suggesting that while important, its influence might not be as pronounced across all stages compared to more direct succession activities. However, the role of the board in mediating and facilitating succession discussions cannot be understated, as it often provides the governance framework within which succession decisions are made. Incorporating insights from Other2, the Procurement Manager, underscores the practical implications of these findings: "Establishing a board that actively involves in succession planning helps ensure that the transition is not only anticipated but also structured in a way that aligns with the business's strategic objectives." This reflects the organizational need for a governing body that can provide continuity and oversight during the transitional period. Moreover, the variable firm5, which deals with support from other family members, almost reached statistical significance ($F=2.319$, $p=0.078$), indicating a borderline impactful role in succession planning. This highlights the nuanced challenges within family dynamics that can either facilitate or hinder the succession process, depending on the level of support and cohesion among family members.

Overall, these findings suggest that organizational factors such as heritage program development, board involvement, and family support play critical roles in shaping the succession landscape of family businesses. Each factor must be carefully considered and integrated into the broader strategic planning processes to ensure successful transitions. By focusing on these elements, family businesses can create a more robust and resilient framework that supports smooth succession, aligns with strategic goals, and maintains family harmony.

(5) Environmental Factors Considered

The influence of environmental factors on the succession process in family businesses is significant, as it encompasses the broader socio-cultural, legal, and competitive landscapes in which these businesses operate. The analysis through one-way ANOVA of factors such as the socio-cultural background (envi2), socio-ethical context (envi3), and legal environment (envi4) helps us understand how these variables interact with the life cycle stages of family businesses. From the statistical analysis, cultural background (envi2) showed a significant impact ($F=5.787$, $p=0.001$), indicating that the cultural context of a business significantly influences succession outcomes. This factor had particularly strong loadings as businesses transition from development to maturity, suggesting that cultural norms and values become increasingly salient as the business stabilizes and seeks to preserve its legacy. For instance, envi2 showed a significant positive mean difference moving from the development to the decline stages, highlighting that as businesses approach potential decline, the weight of cultural expectations can intensify, influencing succession planning and execution. Incumbent2, the COO, reflected on the cultural dimensions: "In our mature phase, the cultural legacy of our business becomes a cornerstone of our operational ethos. It is not just about maintaining profitability but also about upholding the values that have defined our brand and family's reputation." This statement underlines the need for succession plans to not only address operational transitions but also to consider the cultural continuity that is critical in family businesses. However, the socio-ethical context (envi3) and legal environment (envi4) showed less statistically significant impacts ($p=0.285$ and $p=0.160$, respectively). This suggests that while these factors are relevant, they may not vary significantly across different life cycle stages, or their effects are overshadowed by more dominant internal or cultural factors. This can imply that regulatory compliance and ethical considerations are constant prerequisites that do not fluctuate as much with the business's developmental stage but are rather a baseline expectation across all stages. Other1, the Quality Manager, shared insights into how external factors are integrated into the business strategy: "Navigating the socio-ethical landscape has become a defining feature of how we plan for the future, particularly in ensuring that our business practices align with evolving societal expectations and legal standards."

These findings demonstrate the complexity of environmental influences on family business succession, highlighting that while some factors like cultural background have a pronounced impact during certain life cycle stages, others like legal and ethical environments provide a steady backdrop against which businesses must continuously operate. Effective succession planning, therefore, requires an adaptive approach that not only anticipates changes within these environmental factors but also integrates them into the strategic planning process to ensure that the business remains resilient and relevant in a changing world. This strategic integration helps family businesses navigate the complexities of succession, ensuring stability and continuity across generations.

The life cycle stages of family businesses—startup, development, maturity, and decline—have distinct impacts on succession factors. One-way ANOVA results indicated that the expectations and roles of incumbents evolve significantly across these stages. For instance, incumbent requirements showed a considerable impact during different stages, suggesting the need for strategic adaptation of roles (Miller et al., 2013). Successor readiness and abilities were found to be more critical during the growth and maturity stages, emphasizing the necessity for successors to adapt and innovate (Zellweger et al., 2012b). The relationship and communication between incumbents and successors were pivotal, particularly during critical transition or decline phases, highlighting the importance of managing these dynamics to bridge generational and ideological gaps (Strike, 2013). Organizational factors like heritage program development and family support were essential, especially in maturity stages, indicating the need for structured succession processes (Cater & Justis, 2010). Cultural background significantly influenced succession, particularly during transitions to maturity and decline, underscoring the need to consider cultural continuity in succession plans (Gilding et al., 2015).

Succession plans have different focuses and difficulties at different stages of the business life cycle. While a business focuses on market expansion and team building during the development stage, the development and execution of a succession plan becomes especially critical as it enters the maturity stage. In my business, as the business moved from the development stage to the maturity stage, I found that succession planning needed to be more systematic and formalized to cope with the increased size and complexity of the business. For example, during the maturity phase, I worked with my team to develop a more detailed succession plan that covered successor training, a power handover timeline, and contingency plans to ensure a smooth succession process. In addition, cultural context has a profound impact on family business succession. In China, family businesses tend to have a strong culture of family control and authority, with the founder often having absolute decision-making power in the business. This cultural background is also very obvious in my business. Despite the fact that the firm has reached a mature stage, the fathers still insist on making decisions personally, which makes the transfer of power more difficult. This phenomenon coincides with the finding of this study that the founders' desire to control power in a traditional cultural context delays the implementation of succession, thus affecting the long-term development of the firm.

Although this study provides insights into the family business succession process, there are a number of issues and challenges that require further investigation. First, although the study validates the significant influence of cultural context on family business succession, the differences in succession patterns across cultures need to be further investigated to provide broader global applicability. Second, some of the hypotheses in the study (e.g., the impact of legal environment and social ethics on succession) were only partially validated, and future research should delve deeper into the role of these factors in different regulatory and cultural environments. In addition, as digital transformation continues to influence business management models, future research should also explore the role and impact of technological advances and digital tools in family business succession. Finally, the sample of this study focuses on family firms in China, and future research should expand the sample to cover family firms in different countries and regions to enhance the generalizability and representativeness of the findings.

Comparison with previous studies： Consistent with Gersick et al. (1997) and Miller & Le Breton-Miller (2005), the findings reaffirm the importance of clear governance mechanisms in succession planning. Prior research highlights the role of formal boards, shareholder agreements, and codified succession plans in minimizing conflict (Bennedsen et al., 2007). However, this study reveals that in Chinese family enterprises, governance structures are often informal, relying heavily on trust, family consensus, and implicit role assignments. While these informal arrangements can enhance agility and preserve harmony, they may also delay conflict resolution in the absence of codified procedures. This contrasts with the institutional emphasis on legal formalism in Western contexts, reflecting the adaptability of governance models to differing legal and cultural environments.

5.3 Answers to the Research Questions

RQ1: What are the key factors influencing the success of succession in Chinese family businesses?

The empirical results reveal six major factors: incumbent's willingness, successor's readiness, quality of family relationships, strategic preparation, environmental influences, and satisfaction with succession processes. These were derived through exploratory factor analysis and regression modeling.

RQ2: How do different stages in the enterprise life cycle influence the role of these factors?

The findings indicate stage-contingent variation. For instance, in the maturity stage, the incumbent's willingness to relinquish control and the successor's readiness are most impactful. In the growth stage, strategic preparation and trust within the family are more critical. This validates the context-dependency of succession drivers.

RQ3: How does family culture affect the succession process?

Interview results and literature support that Confucian values (e.g., filial piety, seniority, loyalty) strongly shape the selection, grooming, and acceptance of successors. Family harmony and the symbolic transmission of legacy are often more important than economic rationality.

RQ4: Does the role of successor readiness vary across stages?

Yes. Successor readiness has a consistently strong effect but is particularly decisive in the mature stage. In earlier stages, strategic alignment and family trust moderate its influence.

RQ5: Can a conceptual framework for Chinese family business succession be constructed?

Based on quantitative and qualitative results, this study proposes a contextualized succession model that integrates life cycle theory with family culture perspective. It highlights different priority factors at different stages and accounts for cultural nuances specific to Chinese family firms.

Comparison with previous studies： The role of enterprise networks in facilitating succession supports the arguments of Jack et al. (2008) and Anderson et al. (2007), who note that network resources can provide competitive advantages during leadership transitions. However, while prior literature largely frames networks as tools for market expansion and innovation (Hite &

Hesterly, 2001), this study finds that Chinese family firms often prioritize network ties that strengthen political connections and ensure regulatory compliance. Such prioritization reflects the institutional realities of China's transitional economy, where government relations can be as crucial as market positioning. This finding challenges the universality of Western-centric network models, underscoring the need for localized theoretical frameworks.

5.4 Theoretical Contributions

This study makes several significant contributions to the existing literature on family business succession and organizational theory.

First, it bridges the gap between enterprise life cycle theory and succession planning research. While past studies have examined succession as a static process, this thesis demonstrates that succession factors vary systematically across different stages of the enterprise life cycle. This stage-contingent perspective contributes to a more dynamic and nuanced understanding of succession mechanisms.

Second, the research integrates the family culture perspective into succession analysis. Most prior models emphasized structural or economic determinants (e.g., ownership structure, management control), whereas this study shows how values, trust, and intergenerational relationships—rooted in cultural norms—profoundly influence succession outcomes. This enriches socio-emotional wealth (SEW) literature by providing empirical validation from a non-Western context.

Third, by focusing on family businesses in Jiangsu Province, China, this study develops a contextualized succession framework that is sensitive to regional, institutional, and cultural specificities. The resulting model offers a locally grounded yet theoretically transferable structure that contributes to building an indigenous theory of family business succession in emerging economies.

Comparison with previous studies： Echoing the work of Davis & Harveston (1998) and Cater & Kidwell (2014), the data demonstrate that a successor's leadership style significantly shapes the pace and effectiveness of succession. Transformational leadership tendencies—such as articulating a vision and inspiring commitment—were associated with smoother transitions, consistent with Bass (1990). However, this study finds that in the Chinese context, effective leaders often blend transformational traits with paternalistic leadership, which incorporates authority, moral guidance, and personal care (Farh & Cheng, 2000). This hybrid model appears more culturally resonant in family firms, suggesting that leadership theories must account for the coexistence of global and local leadership norms.

5.5 Practical Implications

The findings of this research offer important implications for multiple stakeholders involved in family business succession in China.

For business founders, the study highlights the importance of early succession planning and the necessity to gradually relinquish control as the business enters maturity. Founders should invest time not only in selecting and mentoring successors, but also in building communication systems that promote trust and role clarity within the family.

For successors, readiness and competence emerged as critical determinants of success. Beyond technical or managerial skills, successors must be prepared to navigate intergenerational expectations, embody the family's values, and gain legitimacy among stakeholders. Structured mentorship and strategic involvement in business decision-making can facilitate smoother transitions.

For family business managers and consultants, the results suggest that succession should be approached as a multi-stage process rather than a one-time event. Tailored succession strategies should be aligned with the firm's life cycle stage—focusing on relationship management in early growth phases and strategic integration in mature stages.

For policymakers, the study supports the need for institutional frameworks that encourage long-term planning and transparency in ownership transfers. Educational initiatives aimed at fostering succession readiness, leadership programs for next-generation leaders, and legal structures that facilitate inheritance and governance transitions can enhance business continuity at scale.

Taken together, these insights provide a comprehensive guide for managing succession not only effectively, but also in a culturally and temporally appropriate manner for Chinese family businesses.

Comparison with previous studies： The finding that strategic renewal often follows successful succession is in line with Nordqvist et al. (2013), who argue that generational change can trigger innovation and market repositioning. However, unlike the Western literature which frequently documents aggressive diversification post-succession (Zahra et al., 2004), Chinese family firms in this study tended to pursue incremental change, preserving core business lines while cautiously exploring adjacent markets. This conservative approach may be shaped by risk-averse family governance and the desire to maintain stability, reflecting a strategic orientation more attuned to safeguarding socioemotional wealth (Gómez-Mejía et al., 2007).

6.Conclusion and further research

6.1 Conclusion

The comprehensive analysis conducted on the succession planning in family businesses elucidates the multifaceted nature of the factors influencing successful transitions. This research identified several critical elements across different domains—incumbent factors, successor factors, interpersonal relationships, organizational strategies, and environmental influences—that play pivotal roles in shaping the outcomes of succession processes. The hypotheses examined in this study were validated through empirical analysis, demonstrating significant support for the influence of incumbent factors, successor readiness, interpersonal relationships, and organizational strategies on family business succession, with partial confirmation for environmental factors.

Firstly, the incumbent factors such as personality and willingness to leave were scrutinized, revealing that while these aspects are crucial, their impact varies across the business life cycle stages. The statistical analysis indicated that the willingness to leave has a more pronounced effect during certain stages of the business lifecycle, particularly when businesses are transitioning into more mature phases. This underscores the necessity for incumbents to adapt their roles and expectations as the business evolves, to facilitate smoother transitions and ensure leadership continuity.

Successor factors, including readiness and competence, emerged as significant determinants of succession efficacy. The research highlighted the importance of aligning successor preparation with the specific demands and stages of the business lifecycle. Successors who are adequately prepared and aligned with the business's strategic objectives are more likely to steer the business successfully through transitional phases.

Interpersonal relationships between incumbents and successors also proved to be a cornerstone of successful succession. Strong, transparent, and respectful relationships foster an environment conducive to effective knowledge transfer and mutual understanding, which are essential for succession. The analysis revealed that nurturing these relationships could mitigate potential conflicts and enhance the readiness of both parties involved in the transition.

Organizational factors, particularly the strategic alignment between succession planning and business development, were identified as critical. Effective succession plans are those that are integrated into the broader strategic framework of the business, reflecting its goals and the specific challenges it faces at different stages of its lifecycle.

Lastly, environmental factors such as cultural, socio-ethical, and legal contexts play significant roles, affecting how succession plans are formulated and executed. The cultural backdrop of the business significantly influences succession planning, underscoring the need for businesses to remain sensitive to the cultural values and norms that shape their operational contexts.

In conclusion, this study underscores the complexity of family business succession, which is influenced by a dynamic interplay of various factors. Effective succession planning requires a holistic approach that considers not just the individual aspects of successor readiness or incumbent preparation, but also the relational dynamics, organizational strategies, and the broader environmental context. This study not only reveals the key challenges that exist in the succession process of family firms, but also provides practical experience on how to deal with these challenges. By analyzing my personal practical experience of succession in a family business, I suggest that future research should pay more attention to the training and experience gained by successors outside the firm, which is crucial for enhancing their succession capabilities. In addition, the founder's willingness to delegate power should be included as a core consideration in succession planning to ensure a smooth transfer of power. For family businesses, addressing these factors comprehensively is not just beneficial but essential for ensuring long-term sustainability and success across generations.

6.2 Limitations and further research

While this study provides valuable insights into the factors influencing family business succession, there are several limitations that should be noted. First, the sample size of 141 family businesses from Zhejiang Province, while informative, may not be representative of family businesses in other regions or countries, limiting the generalizability of the findings. Future research should aim to include a more diverse sample from different geographical locations to enhance the applicability of the results.

Second, the study relies heavily on self-reported data from questionnaires and interviews, which may be subject to response biases such as social desirability bias or inaccurate recollections. To mitigate this, future studies could incorporate objective measures of business performance and succession outcomes, alongside qualitative data, to provide a more comprehensive understanding of the succession process. A notable limitation of this research is the relatively modest sample size of 141 respondents. Although this number is adequate for the analytical techniques employed, it may constrain the generalizability of the findings to the broader population of Chinese family enterprises. Future research could address this limitation by adopting multi-regional sampling strategies, increasing the diversity of firm sizes and sectors represented, and extending the data collection period to capture a larger respondent base. Such efforts would enhance the external validity and robustness of conclusions regarding the factors influencing successful succession.

Additionally, while this study identifies significant factors such as incumbent characteristics, successor readiness, interpersonal relationships, organizational strategies, and environmental contexts, it does not fully explore the dynamic interactions between these factors over time. Longitudinal studies are needed to examine how these variables evolve and interact throughout different stages of the succession process, providing a more nuanced picture of succession in family businesses.

Moreover, the partial validation of Hypothesis 5 suggests that further research is needed to understand the role of socio-ethical and legal environments in family business succession. Investigating these environmental factors in different regulatory and cultural settings could provide deeper insights into their impact on succession planning and execution.

Future research could also delve into the impact of technological advancements and digital transformation on family business succession. As businesses increasingly adopt digital tools and platforms, understanding how these changes affect succession planning, communication, and leadership development could be crucial for the long-term success of family enterprises.

This study's findings are inevitably shaped by the cultural lens through which succession processes in Chinese family businesses were observed and interpreted. The emphasis on Confucian values, filial piety, and collectivist norms may have influenced both the participants' self-reporting and the researcher's analytical framing, potentially limiting transferability to more individualistic cultural contexts. Furthermore, while the sample of 141 cases provides robust empirical grounding, its geographic and industry concentration—with a majority of participants drawn from economically developed regions and manufacturing or service-oriented sectors—may limit the generalizability of the results to less developed regions or other industry types. These factors should be considered when applying the conclusions to broader contexts, and future research would benefit from comparative cross-cultural designs and a more diversified sampling frame.

In summary, while this study contributes significantly to the understanding of family business succession, addressing these limitations and exploring the suggested future research directions will provide a more robust and comprehensive framework for supporting successful leadership transitions in family businesses.

To assess the universality and contextual boundaries of the findings, future research should undertake comparative studies between Chinese family businesses and those in other cultural and institutional environments, such as Europe, North America, or other parts of Asia. Such comparisons could reveal which aspects of succession dynamics—such as governance structures, intergenerational communication, and the role of non-family managers—are culturally contingent and which may be broadly applicable across contexts. This approach would not only deepen theoretical understanding but also offer practical guidance for family enterprises operating in increasingly globalized markets.

Building on the findings of this thesis, a targeted publication plan has been formulated to address the underexplored topics of confidentiality, trust-building, and the handling of disregard in the succession of Chinese family businesses. The first planned article will synthesize the empirical results related to information control and selective disclosure during succession, aiming for submission to the *Journal of Family Business Strategy* by mid-2026. The second article will adopt a cross-cultural comparative perspective, examining how confidentiality protocols in Chinese family enterprises differ from those in European contexts, with the goal of submitting to *International Small Business Journal* in early 2027. A third, more practice-oriented piece will be developed for a professional management journal in China to provide actionable frameworks for practitioners. This publication schedule ensures that both academic and practitioner audiences are reached, while extending the scholarly contribution of this research into specific and impactful sub-themes.

7. Managerial Impact

7.1 Key Managerial Implications

The empirical findings of this study offer valuable insights for family business owners, successors, and governance advisors, particularly in the Chinese context. The research reveals that intergenerational succession in family firms is deeply intertwined with the company's stage of development, the psychological attributes of the incumbent, and the formality of succession mechanisms.

Notably, the incumbent's willingness to relinquish control (holder2) significantly correlates with successor satisfaction in both equity allocation and post-inheritance development (effe2 and effe3). In addition, the incumbent's demands (holder3) exhibit strong positive associations with training effectiveness and perceived development continuity. These findings emphasize that successful succession is not merely a structural or legal exercise but a psychologically and strategically complex process that must be tailored to the firm's lifecycle stage and leadership context.

7.2 Managerial Recommendations

The following table summarizes five practical recommendations derived directly from the findings. Each recommendation is matched to its relevant stakeholder group and backed by empirical evidence from quantitative and qualitative data.

Recommendation ID	**Managerial Recommendation**	**Target Stakeholders**	**Priority**	**Feasibility**	**Based on Finding**
R1	Establish structured and progressive successor training programs during the business growth stage	Business Owners & HR	High	High	Correlation between holder3 and proc3

Recommendation ID	Managerial Recommendation	Target Stakeholders	Priority	Feasibility	Based on Finding
R2	Implement phased equity transfer schemes during the maturity stage to ensure fairness and control continuity	Founders & Legal Teams	High	Medium	Correlation between holder2 and effe2/effe3
R3	Encourage co-governance models (e.g., father-son leadership) to bridge power transitions and maintain trust	Boards & Family Councils	Medium	High	Interview data on successful succession strategies
R4	Design a formal family charter that includes criteria for exit, succession conditions, and decision protocols	Shareholders & Family Firms	Medium	Medium	Synthesized from interviews and theoretical model
R5	Provide psychological coaching and decision-support systems for reluctant founders during succession transitions	Founders	Medium	Low	Correlation showing negative impact of holder2

7.3 Implementation Pathways

Translating the study's findings into actionable strategies requires a nuanced understanding of organizational contexts, especially the temporal and structural realities of family businesses across their life cycle. This section elaborates on feasible implementation pathways aligned with the managerial recommendations derived in this research, offering guidance for practitioners, particularly those in Chinese family-owned firms navigating succession.

One of the most immediate areas for implementation lies in successor development during the growth stage of the enterprise. The findings indicate that incumbents who impose higher requirements on successors tend to facilitate more structured and effective training programs. Accordingly, firms should institutionalize successor development through rotational assignments, mentoring from senior executives, and gradually increasing responsibility. This systematic preparation process enables successors to internalize not only managerial skills but also the cultural and strategic values of the firm. It also mitigates risks of abrupt leadership change, especially in rapidly scaling firms.

In the maturity stage, where strategic renewal and ownership stability become critical, phased equity transfer mechanisms should be implemented. The strong correlation between the incumbent's willingness to leave and satisfaction with equity distribution and business development underscores the importance of pre-planned ownership succession. Legal advisors and governance consultants should assist in crafting succession frameworks that combine legal enforceability with family consensus—such as the use of staged share transfers, voting trusts, or founder-controlled dual structures. These mechanisms should aim to balance founder influence with the operational autonomy of the successor, ensuring continuity without stagnation.

In addition, co-governance models, particularly prevalent in successful cases observed in the interviews, represent a transitional governance form well-suited to the Chinese family business context. During the intergenerational handover, a period of collaborative leadership—where the founder and the successor jointly participate in decision-making—can foster trust, safeguard stability, and serve as an apprenticeship for the incoming leader. To operationalize this, firms should define the duration, scope of authority, and evaluation mechanisms of co-governance arrangements in either family governance documents or formal board resolutions.

A foundational mechanism to support these transitions is the institutionalization of a family constitution. As indicated in both literature and empirical findings, a well-drafted family charter helps manage expectations, codify values, and mitigate conflicts. The constitution should clearly articulate succession criteria, founder exit timelines, dispute resolution channels, and the structure of family councils. Importantly, its development should involve both generational representatives and external mediators or legal experts to ensure legitimacy and neutrality.

Lastly, one of the most sensitive—but crucial—implementation areas concerns the psychological readiness of incumbents to step down. The reluctance of founders to relinquish control—often stemming from identity attachment and perceived loss of purpose—can derail even the most structurally sound succession plans. To address this, targeted executive coaching, retirement planning workshops, and the reframing of post-exit roles (e.g., board advisor, family elder, philanthropic leader) should be offered. These interventions can help founders view succession not as a withdrawal, but as a transformation of their leadership role into one of stewardship.

In sum, successful implementation of succession strategies in Chinese family businesses hinges on early planning, staged transitions, formal governance support, and attention to founder psychology. These pathways offer a holistic roadmap for embedding sustainability and continuity into the very structure of intergenerational business leadership.

7.4 Future Managerial Research

While this study offers several empirically grounded recommendations for managing intergenerational succession in Chinese family businesses, it also brings to light multiple areas where further investigation is both necessary and promising. These knowledge gaps reflect the inherent complexity of family enterprises, the diversity of governance models, and the evolving nature of China's business and cultural landscape. Accordingly, future research should explore these dimensions to deepen theoretical understanding and improve managerial practice.

First, there is a clear need for longitudinal studies that examine succession processes over time rather than through cross-sectional snapshots. Succession in family firms often unfolds across several years and is influenced by changing market conditions, internal family dynamics, and the evolving competence of the successor. A longitudinal design would allow researchers to capture these temporal shifts and assess the long-term efficacy of various governance and training strategies. In particular, such research could evaluate how changes in the incumbent's willingness to step down evolve over time and what external triggers accelerate or delay this decision.

Second, while this study revealed the important role of co-governance arrangements (e.g., father-son joint leadership), more detailed exploration of multi-sibling succession models is warranted. In many larger or more mature Chinese family businesses, leadership succession is not passed from father to son alone, but may involve multiple siblings or cousins. These complex arrangements raise critical questions about equity, power-sharing, trust-building, and intra-family conflict—areas that are still under-theorized, particularly within the Chinese socio-cultural context.

Third, although the role of **guanxi** was touched upon in Chapter 6 as a unique cultural asset shaping succession dynamics, its dual role as both an enabler and constraint of professional governance remains unclear. Future managerial research should investigate how Chinese family firms balance informal relationship-based governance (guanxi) with the increasing institutional pressure to adopt formal governance structures such as professional boards and external audits. This line of inquiry is especially important for firms undergoing external financing, IPOs, or international expansion, where investor expectations may conflict with traditional familial control norms.

Fourth, the role of **digital transformation** and how it affects succession competence is another emergent issue. Many successors interviewed in this study noted the generational gap in digital capabilities between themselves and their predecessors. As family firms transition into digital or data-driven business models, it is critical to understand how technological literacy influences successor legitimacy and strategic decision-making. Managerial research should explore whether digital leadership can act as a source of authority in succession, and how incumbents perceive and evaluate this form of competence.

Finally, **gender dynamics** in family business succession remain an underexplored topic in both academic literature and practice. Although this study did not focus specifically on gender, it is noteworthy that many traditional Chinese family firms still exhibit strong patrilineal succession preferences. Future studies could examine whether and how daughters, daughters-in-law, or female cousins can gain succession legitimacy, and what cultural or structural shifts may be necessary to support inclusive leadership transitions.

In conclusion, while this thesis provides practical recommendations for improving succession in Chinese family businesses, it also underscores the need for a richer, more diversified research agenda that addresses emerging dynamics, cultural shifts, and governance innovations. Managerial scholars and practitioners must continue to collaborate, ensuring that future research remains not only academically relevant but also practically transformative.

7.5 Conclusion

This chapter has translated the empirical insights of the study into practical, evidence-based recommendations for owners, successors, and governance stakeholders of Chinese family businesses. By synthesizing the quantitative findings—particularly the correlations between incumbent variables (personality, willingness to leave, and expectations) and succession outcomes—with qualitative interview data, five targeted managerial recommendations (R1–R5) were developed. These recommendations address critical areas such as structured successor training, phased equity transfer, co-governance, family charter formulation, and the psychological support of founders.

The chapter further explored how these recommendations could be implemented in real-world contexts, aligning each with the specific life cycle stage of the business and the role of key actors involved in succession. Recognizing that succession is not a one-time event but a gradual and multi-dimensional process, this chapter emphasized the importance of early preparation, cultural awareness, formal governance mechanisms, and founder mindset transformation. The implementation pathways were designed to serve as actionable tools that firms can adopt or adapt based on their size, maturity, and internal dynamics.

At the same time, this chapter highlighted areas where additional research is required to enhance both theoretical understanding and managerial relevance. These include the dynamics of multi-sibling succession, the impact of guanxi versus formal governance, gender roles in succession, and digital transformation's influence on successor legitimacy. By articulating these gaps, the study invites scholars and practitioners to build upon its findings and contribute to a deeper, more nuanced body of knowledge on family business succession.

In essence, this chapter has reaffirmed the value of context-sensitive, empirically grounded managerial guidance. It underscores that successful intergenerational transitions in family firms demand more than financial planning—they require strategic vision, interpersonal empathy, and adaptive leadership across generations. As Chinese family businesses continue to evolve in a globalized, digitized economy, these insights will be critical for sustaining both legacy and innovation.

7.5.1 Theoretical Contributions

This research makes an original contribution to the literature on family business succession by offering an integrated, context-sensitive framework that combines macro-level cultural influences, founder psychology, governance mechanisms, and successor development pathways. While existing succession models—predominantly derived from Western contexts—emphasize either structural governance reforms or interpersonal relationship management, this thesis demonstrates how both dimensions operate simultaneously within the unique socio-cultural fabric of China.

The originality lies in three interrelated areas:

Contextual Adaptation of Succession Theory – The study adapts established succession frameworks to account for the influence of Confucian filial norms, guanxi networks, and the evolving legal environment in China.

Empirical Integration of Mixed Methods – By systematically combining quantitative correlations with qualitative thematic narratives, the research uncovers causal mechanisms that single-method studies often overlook.

Operationalization of Psychological Transition – It develops measurable indicators for the founder's psychological readiness to transfer leadership, a factor frequently acknowledged but rarely quantified in succession studies.

These contributions extend the theoretical frontier by showing that successful intergenerational transfer in Chinese family firms requires a simultaneous transformation in governance structures and interpersonal dynamics, and by providing an empirically grounded model that future researchers can test and refine.

This research enriches the academic discourse on family business succession by contextualizing established succession models within the socio-cultural and institutional framework of China. It extends Gersick et al.'s (1997) family business life-cycle model by integrating the role of Confucian relational norms, demonstrating how trust-based governance and informal mechanisms can operate effectively alongside—or in some cases in place of—formal governance structures. Furthermore, it contributes to network theory by identifying the strategic use of enterprise networks for political and regulatory engagement, a dimension underrepresented in Western-centric literature. These insights challenge the universal applicability of Western succession frameworks and argue for culturally attuned models that incorporate local governance logic.

7.5.2 Practical Implications

For practitioners, the study provides actionable guidance that blends traditional relational practices with modern governance tools. Family business owners are encouraged to institutionalize early successor development programs, adopt phased governance transitions, and cultivate a culture of shared leadership. The findings stress the importance of aligning succession planning with the unique life-cycle stage of the enterprise, while also managing the psychological readiness of incumbents to transfer leadership. For policymakers and industry associations, the study offers a foundation for designing targeted support programs, training modules, and advisory services that respect cultural traditions while promoting sustainable governance innovations.

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Appendix

A1. Questionnaire on Core Influences of Family Business Succession

Section 1: Demographic Information

1. Gender:

 ☐ Male

 ☐ Female

2. Age: _____ years

3. Your generation in the family business:

 ☐ Founder

 ☐ First-generation descendant

 ☐ Second-generation descendant

4. Company assets:

 ☐ Less than ¥5 million

 ☐ ¥5-10 million

 ☐ ¥10-50 million

 ☐ ¥50-100 million

 ☐ More than ¥500 million

5. Number of employees:

 ☐ Fewer than 50

 ☐ 51-100

 ☐ 101-500

 ☐ More than 500

6. Industry:

 ☐ Agriculture/Forestry/Fishing/Mining

 ☐ Manufacturing

 ☐ Utilities

 ☐ Construction/Transportation/Warehousing

 ☐ Information Technology

☐ Wholesale/Retail

☐ Finance/Insurance

☐ Real Estate

☐ Social Services

☐ Media/Culture

☐ Other (please specify): _____

7. Business registration type:

☐ Private company

☐ Limited liability company

☐ Joint stock limited company

☐ Listed company

☐ Other (please specify): _____

8. Family ownership percentage:

☐ Less than 50%

☐ 50%

☐ More than 50%

9. Current business lifecycle stage:

☐ Startup

☐ Growth

☐ Maturity

☐ Decline

10. Has leadership been transferred to a family member in the past 5 years?

☐ Yes (year of transfer: ____)

☐ No (planned within 5 years? ☐ Yes ☐ No)

Section 2: Succession Factors (7-point Likert scale)

(1 = Strongly disagree, 7 = Strongly agree)

1. The incumbent believes the business cannot function properly without him/her

2. The incumbent is reluctant to relinquish business leadership

3. The incumbent looks forward to retiring from the business
4. The successor and incumbent have similar temperaments
5. The successor is confident in managing the business
6. The successor strongly desires to take over the business
7. The successor prefers the family business over other career options
8. The successor's higher education prepares them for succession
9. The successor has worked in various positions and earned respect
10. The successor has a business mentor guiding their work
11. The incumbent and successor communicate regularly
12. The incumbent and successor have a cordial relationship
13. The incumbent knows the successor well
14. Succession aligns with organizational growth strategy
15. The incumbent has developed/implemented a succession plan
16. A board oversees succession plan implementation
17. The incumbent and successor share a common vision
18. Family members agree the successor is suitable
19. The incumbent unilaterally decides the successor
20. The business has competitive industry advantages
21. Chinese "family culture" influences successor selection
22. The incumbent's ethics prevent non-family succession
23. Chinese legal provisions affect successor selection

Section 3: Succession Process Satisfaction (7-point Likert scale)

(1 = Very dissatisfied, 7 = Very satisfied)

1. Development and implementation of succession plan
2. Criteria for selecting successors
3. Content and intensity of successor training
4. Family communication about succession
5. Arrangements for incumbent's retirement

6. Company strategy after succession

7. Share distribution after succession

8. Business development after succession

A2. Semi-Structured Interview Guide

Part 1: Background Information

1. Your role in the family business:
   - ☐ Incumbent
   - ☐ Successor
   - ☐ Other (please specify): _____
2. Your position in the business: _____
3. Years working in the family business: _____

Part 2: Core Questions

1. Which lifecycle stage is the business currently in? How do different stages affect successful succession?
2. How do the incumbent's personality, competencies and needs affect succession? What about the successor's?
3. How should the incumbent select a successor? Why?
4. What are the most critical factors for successful succession? (Consider personal, interpersonal, organizational, and environmental aspects)
5. How would you evaluate the relationship between incumbent and successor?
6. Is there a formal succession plan? How is it being implemented?
7. What problems has the business encountered regarding succession? How were they resolved?
8. What suggestions do you have for improving family business succession?

Formatting Notes:

1. Use consistent numbering (1., 2., 3.) for all items

2. Maintain clear distinction between sections with bold headings
3. Keep Likert scale explanations with each relevant section
4. For electronic submission, consider using interactive PDF format
5. Include this note at the beginning

DETAILS OF TABLE CONTENTS