

Factors Preventing Intra-Family Business Succession of Family-Owned SME Firms in Bangladesh: An Empirical Evaluation

Family
Business

Tanmay Biswas.

*Mawlana Bhashani Science and Technology University, Santosh, Tangail-1902,
Bangladesh
tbiswas@mbstu.ac.bd*

Morsheda Akter.

*Mawlana Bhashani Science and Technology University, Santosh, Tangail-1902, Bangladesh
morsbedasiddik92@gmail.com*

Md. Shariful Islam

*University of Rajshahi, Rajshahi, Bangladesh
sharifjibs@gmail.com*

Sonia Munmun.

*Jagannath University, Dhaka, Bangladesh
soniamunmun@gmail.com*

Received 30 September 2025

Revised 04 February 2026

Accepted 10 February 2026

Published (Online) 20 February 2026

Abstract

This research aims to identify the factors preventing intra-family succession, investigate incumbent opinions and evaluate the lack of formal succession planning among family-owned SMEs in Bangladesh. This study employed a quantitative approach and 250 purposively selected incumbents of family-owned SMEs were given a semi-structured questionnaire in person. The survey data was analyzed using binary logistic regression. This study explored various issues associated with succession planning that affect the attitude of incumbents regarding the choice of a successor. These, among other reasons, hamper intra-family succession and have meant the absence of any formal succession strategies that pose a danger to the sustainability of family businesses of SMEs in Bangladesh. The study is narrowed down to a survey sample of 250 family-owned SMEs within the context of Bangladesh. It may not be able to cover the entire population of family-owned SMEs worldwide. The incumbent, who is the primary respondent of the research, may not provide an unbiased opinion. The study focuses on the incumbent-related factors preventing family business succession since formal succession planning is necessary to provide smooth transitions that would be sustained in the business. This study is an empirical assessment of the impediments to the effective family business succession in the developing country of Bangladesh. It can offer some insights into what thwarts family-owned SMEs.

Keywords: Business Succession, Incumbent, Binary Logistic Regression, Small and Medium Enterprises (SMEs).

© Tanmay Biswas, Morsheda Akter, Md. Shariful Islam & Sonia Munmun. Published in *Sri Lanka Journal of Management Studies*. Published by the Faculty of Management Studies of the Open University of Sri Lanka. This article is published under the Creative Commons Attribution-Share Alike 4.0 International (CC BY-SA 4.0). The full terms of this licence may be found at <https://creativecommons.org/licenses/by-sa/4.0/>.



Sri Lanka Journal of Management
Studies

Vol. 7 – Issue II, 2025

pp, 176 – 209

ISSN (Print): 2682-7298

ISSN (Online): 2792-1093

<https://doi.org/10.4038/sljms.v7i2.193>

Introduction

Generally, family firms are at least 50% owned by a single family. Various generations of the same family may impact decision-making processes in these business organizations to accomplish goals established by the family leadership (Baltazar et al., 2023). Eighty per cent of business structures worldwide are family enterprises; however, the low Percentage of successful transgenerational succession can have serious repercussions for local economies and employees (Gagné et al., 2021). Family firms are helpful to the world economy and social welfare, bringing employment and investment revenue to an economy. Nevertheless, they are exposed to issues such as intergenerational succession, which affects the long-term sustainability of businesses (Nave et al., 2022). The typical problem is how to find a competent successor, and most businesses collapse when they are operated by the second generation of the owners (Bano et al., 2022). Failure to plan well for succession may result in dissolution (Berchelman, 2005). According to the Koh and Lee (2021) Survey, only 12 per cent of European family businesses (FBs) survive the third generation and 43 per cent have no succession plan. Although there are numerous family-owned SMEs in Bangladesh, success continuity is low because many of the SMEs do not practice succession planning (Al-Maskari et al., 2019).

While a significant amount of research has been published worldwide on family business succession, few studies have focused on incumbent-related issues in the Bangladeshi context. A study offered qualitative insights into succession processes in traditional cane (rattan) industries in Bangladesh (Alam and Furukawa 2009) whereas Sunon et al. (2022) investigated the effect of family succession on financial performance in Bangladeshi family businesses. Nevertheless, neither the analysis of the incumbent-related factors that prevent intra-family succession nor the use of quantitative modeling techniques such as binary logistic regression to assess their statistical impact were done in these investigations. Therefore, by evaluating the incumbent-related constraints to succession among family-owned SMEs in Bangladesh, the current study addresses this particular research gap. This research will address the question "What factors prevent intra-family succession in family-owned SMEs of Bangladesh?"

The primary objective is to determine and empirically evaluate the major incumbent-related factors that prevent intra-family business succession in Bangladeshi family-owned SMEs. The secondary objectives are:

- to investigate how incumbents' perceptions, attitudes, and behavioral tendencies affect their willingness to make succession plans.
- to assess the extent to which formal succession planning is absent or insufficient in family-owned a SMEs of Bangladesh.

Research data have been collected from the existing incumbents of family-owned businesses through a structured survey approach. The research involves a quantitative approach; 250 respondents ' responses have been recorded and Binary logistic regression is used for data analysis.

Family-owned businesses play a significant role in Bangladesh's economy by creating jobs and promoting regional growth. Unfortunately, numerous of these businesses struggle with

sustainability as a result of poor succession planning. The low Percentage of successful transgenerational succession can have serious repercussions for local economies and employees. Succession planning can lead to robust leadership development in businesses (TAMUNOMIEBI and OKWAKPAM, 2019). A strong plan ensures a seamless leadership transition and fosters sustainability by mitigating conflicts and promoting unity (Porfirio et al., 2020). In Bangladesh, the lack of succession planning in family-owned SMEs exacerbates the risk of business dissolution, threatening economic stability and job creation.

Existing research on business succession frequently concentrates on developed economies, paying little attention to the particular difficulties faced by developing nations such as Bangladesh. This study contributes to a better understanding of succession planning in family-owned firms in this area by identifying the key determinants that inhibit effective transitions. Through providing more knowledge of the opportunities and challenges associated with succession planning, the study will also help other stakeholders, including advisers, consultants and possible successors. With these insights, they will be able to make better judgments and advise family-owned businesses. The overall goal of this study is to address the various constraints impeding intra-family succession to promote economic resilience and growth while also supporting the sustainable development of family-owned SMEs in Bangladesh.

Literature Review and Framework

Definition of basic concepts

Succession Planning

Succession planning is a systematic process to ensure leadership continuity in organizations (Barnett & Davis, 2008). Panda and Leepsa (2017) define it as an organized effort to identify and prepare prospective successors for leadership roles, emphasizing repeatable processes. Olubiyi et al. (2022) underscore its necessity across all organizations, requiring a deliberate, policy-guided approach. Atwood (2020) notes that succession planning is characterized by strategies, practices, and techniques of ensuring leadership transitions are taken care of to advance organizational preparation. Succession planning consists of two main parts: choosing suitable candidates and nurturing them through organized training and advancement (Barnett and Davis 2008). With seniority, the ability of leaders to operate begins to coincide with the strategies of the organization as a whole, and succession planning (Ahmad et al., 2017). In family-owned SMEs, the succession planning process plays a crucial role in the continuation of the business within the Family (Estedadi & Hamidi, 2015).

Intra-Family Succession

Intra-family dynasty is the method of passing leadership to a family member when the current occupant retires (Ballaro & Polk, 2017). According to Mehrabani and Mohamad (2011), intergenerational survival has been a primary concern when it comes to family business research since many family firms fail to survive past the first generation. Effective intra-family succession presupposes the positive intention of the next generation to become the president and the desire of the current one to pass his powers (Arik & Pendleton, 2022). The issue of continuity is a great

challenge to intergenerational succession since, in family business, the long-run direction is determined by the family business (Li et al., 2023). The process is even complicated within Bangladeshi SMEs, where succession results in the identification of cultural and family aspects of succession.

Incumbent

The incumbent refers to the current holder of the family business, and this person is usually a member of the family and holds a position in their top management structure (Urban & Nonkwelo, 2022). According to Urban and Nonkwelo (2022), incumbents are characterised by the necessity to retire so that the next generation can assume power, and their desire to transfer authority to the young generation can be considered an important factor indeed. According to Visser and Lu (2019) &, the incumbent plays a central role in determining the outcome of succession, depending on their views regarding the readiness of successors.

Successor

A successor is a family member poised to assume managerial duties upon the incumbent's departure (Li et al., 2023). In family businesses, successors are responsible for inheriting family assets, ownership, and managerial duties (Li, Wang et al. 2023). Their readiness, skills and alignment with family values are essential for effective succession.

Theoretical Frameworks

Agency Theory

Adam Smith's early insights in *The Wealth of Nations* where he highlighted the difficulties that arise when managers (agents) handle resources held by others (principals), are the conceptual basis of agency theory. According to Jensen and Meckling's (1976) formal development of the theory, conflicts arise because principals and agents have different levels of risk-taking, knowledge asymmetry, and diverging interests. These disputes result in "agency costs," which can reduce the efficacy of an organization. Eisenhardt (1989) improved the theory by highlighting how measures like governance structures, monitoring and incentives might lessen agency issues. Agency conflicts can occur between incumbents and prospective successors in the context of family-owned SMEs, such as when the successor's dedication, ability or intentions are thought to be questionable. The agency theory is also applicable in Bangladesh SMEs regarding the incumbent-to-successor conflict, including inferior ability or low commitment that barriers the succession plan (Koh & Lee, 2021).

Stewardship Theory

According to Davis, Schoorman and Donaldson's (1997) Stewardship Theory, managers act as stewards and prioritize business goal ahead of their own (Valencia & Pratama, 2024). As opposed to the agency theory, where self-interest plays the key role, stewardship theory assumes that incumbents are self-actualising and are committed to the long-term success of the business (Chrisman, 2019). However, emotional attachment may also lead to a reluctance to cede authority, which has an impact on succession (Bizri, 2016).

The Theory of Planned Behavior (TPB) assumes behavior formation as intentional, defined by attitudes, subjective norms and perceived behavioral control (Boyd et al., 2014). Within family firms, TPB argues that the nature of beliefs that incumbents hold regarding hereditary and successional issues, family expectations and desired control influence the incumbents' willingness to plan transitions (Bocatto et al., 2010). The existence of psychological and relational obstacles in the Bangladesh SMEs can lower the intention of incumbents to groom successors. In this case, the TPB emerges as a vital framework for this study.

Empirical Review

The section summarizes the literature of recent research on family business succession with particular emphasis on incumbent-related barriers, identifies areas of similarity, difference, contrast and addition to previous studies. Although a significant amount of research into the topic of family business succession has been undertaken, little literature dwells on the incumbent-related factors in SMES, with none focusing on Bangladesh, a factor that this study would attempt to fill using binary logistic regression analysis. Olubiyi et al. (2022) and investigated the obstacles to intra-family succession and found that there are such obstacles as financial, contextual, relational and individual. Their design resembles the multidimensional barrier focus of this study. However, it differs in that it fails to include psychological and social elements, which this study considers essential for a more in-depth analysis. This research makes the work of De Massis et al. (2008) more comprehensive because it will explore these other dimensions in Bangladesh SMEs, taking into account cultural and economic particularities that were available in their context. Contrarily, a qualitative study was conducted by Aleem and Islam (2009) to examine personal factors that help in succession within the family business through seven interviews in the two companies in two different countries. They do not generalize well because they have a small sample size as compared to this study, which uses a quantitative method with 250 respondents. This study complements that of Aleem and Islam (2009) by incorporating financial, contextual, psychological, social, and process factors into the analysis to provide a broader scope of understanding that applies to Bangladesh SMEs. Visser and Lu (2019) concentrated on the development of successors by using entrepreneurship; the general idea of incumbents is that during their exposure to workplaces, they have a significant impact on the development of their successors. Although this qualitative study shares similarities with the current research in highlighting the incumbent, it differs in that it focuses on the former rather than the barriers. This paper has contributed to their study by examining the incumbent-related challenges that affect succession in a developing country scenario, including emotional attachment. Zhu (2020) discussed the effectiveness of success in succession because of the congruence of values among incumbents and successors. The differences rely on the emphasis on barriers rather than facilitators, such as family conflicts and market pressures. This study makes a unique contribution to the literature by relying on certain impediments of SMEs in the context of Bangladesh that have been neglected in Zhu's study. Mishra and El-Osta (2007) applied probit regression to examine succession in U.S. family agricultural enterprises and revealed that such factors as profitability and age of the operator are influential. This can be compared with their quantitative method of analyzing the data using binary logistic regression, which is similar to this study; the difference, however, is that they analyze agricultural businesses, whereas this study focuses on SMEs. Their study serves as the starting point of this research because in this study, they have examined the

same industry and cultural setting, but this research analyses a new industry sector and cultural background where barriers such as external pressure in the market have been addressed.

Existing research has not mentioned the presence of incumbent-related obstacles to intra-family succession in SMEs in Bangladesh; therefore, the present study provides new information. It is consistent with the literature in that it incorporates various aspects and uses a quantitative method, providing practical knowledge in a developing economy. Those who want to pursue a more exhaustive overview of the succession of family businesses are directed to studies such as De Massis et al. (2008), which provide overall structures.

State of Hypotheses and Their Correspondence to Research Design

The sustainability of a family business will depend significantly on succession planning, which is based on ensuring that the successive generation carries forth in the same industry. Valencia and Pratama (2024) state that external experiences and socialization in the family business are the factors that influence the dedication of successors.

H1: Less dedication of the future generation increases the likelihood of lacking formal succession planning.

Personal career goals turn off leadership transitions. In line with TPB, attitudes and the sense of control of successors determine the intentions about leadership, which are compounded by the cultural expectations in the case of Bangladeshi SMEs.

The issues of mistrust or sibling rivalry form major obstacles to succession planning because of family conflicts (Ferrari, 2023). Neske et al. (2020) emphasize that conflicts in relationships derail the succession procedure, and this is also identified in Bangladesh SMEs, where cultural expectations exacerbate family conflicts.

H2: Family conflicts increases the likelihood of formal succession planning.

Based on the Agency Theory, this hypothesis proposes that information asymmetry between incumbents and successors poses hindrances to planning (Panda & Leepsa, 2017). Just like De Massis et al. (2008), the given study focuses on the relational barriers. However, the analysis is enhanced with the use of the Agency Theory in a culturally different environment that should be considered due to the peculiarities of the family relations.

Succession planning is what is neglected due to external market factors, including economic instability and rivalry (Danaparamita & Sutanto, 2024). Al-Maskari et al. (2019) recognize competitive pressures as an obstacle, and Yang et al. (2022) state that market demands leave less room to focus on long-term planning.

H3: External market pressure increases the chances of lacking a formal succession planning.

This gets worse when it comes to resource constraints in SMEs in Bangladesh (Yu et al., 2018). According to Agency Theory, this hypothesis differs from Mishra and El-Osta (2007), as it concentrates on market-based obstacles in SMEs, as opposed to the agricultural businesses,

providing knowledge on the impact of outside forces on the developing economies in a unique way.

The emotional connection that incumbents have with the business, regarding it as part of who they are, often prevents effective succession planning. De Massis et al. (2016) observe that this type of attachment influences the 'what-will-happen-when-I-die' anxieties and, in turn, affects the feelings towards the act of succession.

H4: Emotional attachment of the incumbent and their reluctance to step down increases the likelihood of lacking formal succession planning

This unwillingness can be described by the Stewardship Theory, which claims that incumbents focus on long-term affairs, yet they do not welcome changes (Bizri, 2016). Similar to Rodriguez Lizano et al. (2020), this research addresses the issue of emotional barriers associated with adding culture-related information, as Bangladesh norms can enhance barriers to reluctance, which is a context-dependent contribution.

Finances allow for the investment in further training of successors and interim expenses. Mehrabani and Mohamad (2011) state the importance of resources and their application to high-potential individuals.

H5: Limited financial resources increase the chances of lacking a formal succession planning

Financial limitations discourage planning in the SMEs in Bangladesh. This study can be compared with those of Mishra and El-Osta (2007) because it also associates resources with planning. However, it incorporates the RBV into its definition of a facilitator in a resource-limited environment to address a gap that existed in the study of developing economies.

The existence of a clear incumbent role during transitions shaves much uncertainty and builds trust. Sharma et al. (2003) emphasize the post-succession roles, while Boyd et al. (2014) state that incumbents assess family and business dynamics.

H6: Lack of a clearly defined role of the incumbent during the transition phase increases the likelihood of lacking succession planning

In Bangladeshi SMEs, seniors are respected socially; hence, role clarity is crucial. Consistent with the TPB, this research hypothesis explores the impediments and builds on Visser and Lu (2019) since it includes the research into the potential mitigation of the relational problems through structured roles.

Cohesion within the Family increases, and succession barriers decrease. According to Stewardship Theory, Welsh et al. (2013) point to family unity and the ease of planning.

H7: Lack of family members' support increases the chances of lacking formal succession planning

In Bangladesh, small and medium-sized enterprises are aggravated by the cultural focus on family relationships. In comparison with Neske et al. (2020), whose research focuses on conflicts,

this study highlights support as a facilitator, which introduces a culturally relevant perspective into the literature.

Methodology

Sample and Sample Characteristics

Family-owned retail SMEs were the main focus of this investigation. All 250 respondents worked at retail shops in the Tangail area. Retail shops were chosen because they are among Bangladesh's most prevalent and easily accessible SME sectors and because they have a history of problems with informal succession planning. Purposive sampling was used because incumbents in family-owned retail businesses constitute a specific population with unique decision-making roles related to succession. This approach enabled direct access to respondents who are actively participated in business leadership and succession planning decisions.

Data Collection

The research is based on primary data which were collected through face-to-face interviews using a semi-structured questionnaire in Tangail district specifically in the upazilas of Tangail Sadar, Delduar and Bhupur. The data collection process used a structured survey approach and the questionnaire was provided in person. The incumbents or current business leaders are the key respondents in this study, as they are directly involved in decision-making regarding intra-family succession. In order to ensure accuracy, the researcher visited to each business to hand out the questionnaire in person, recording the respondents' answers based on their verbal responses. Although anonymity and confidentiality were assured throughout the data-collection procedure to reduce such effects, some degree of response bias may occur due to reliance on self-reported data.

Questionnaire Design and Development

There were 54 items on the questionnaire and they were broken up into eight sections such as: demographic information, business succession readiness, resistance factors, psychological and social factors, individual and relational factors, financial and contextual factors, process-related factors and support and future outlook. De Massis et al. (2008), Sharma et al. (2003) and other relevant empirical studies are examples of widely used validated items in family business research from which several items were adapted. A five-point Likert scale with 1 denoting "strongly disagree" and 5 denoting "strongly agree," was used to measure the majority of the items. However, some items used open-ended questions, categorical responses or Yes/No forms. A pilot test with ten family-owned retail SMEs in Tangail helped refine wording and improve face validity.

Reliability and Validity

The measurement scales' internal consistency was verified using reliability testing. All multi-item constructs had Cronbach's alpha values exceeded the minimum acceptable threshold of 0.70 demonstrating strong reliability. In particular, alpha values ranging from 0.78 to 0.86 were found for resistance factors, psychological and social factors, individual and relational factors, financial and contextual factors, process factors and support and future outlook. Expert evaluation and the

modification of items from previously validated instruments were used to assure content validity during the questionnaire's creation. The pilot test verified the items' clarity and suitability for the Bangladeshi retail SME environment, established face validity.

Data Analysis

The data were checked for multicollinearity, outliers and missing values before being analyzed. The values of VIF and tolerance showed that there was no multicollinearity between the predictors. SPSS Version 17 was used to analyze the gathered data. To summarize sample characteristics and investigate relationships between variables, descriptive statistics, univariate and bivariate analyses were performed. Relationships between categorical variables were examined using chi-square testing. Binary logistic regression was employed to determine the influence of seven independent variables—future generation dedication, family conflicts, external market pressure, financial resource availability, emotional attachment of the incumbent, incumbent role clarity and family members' support—on the likelihood of lacking a formal succession plan (dependent variable). The Hosmer–Lemeshow test and the Omnibus Test of Model Coefficients were used to evaluate model fit and odds ratios and p-values were used to determine the direction and significance of predictor effects. Since the objective of the current study was predictive rather than latent-structure modeling, logistic regression was selected over SEM since SEM requires larger sample sizes, needs latent-variable modeling, and is less suitable for a binary outcome variable. To avoid imposing the proportional-odds assumption necessary for ordinal logistic regression which was broken during preliminary testing, we interpreted the Likert responses as categorical even though they are ordinal. More flexible modeling of possible non-linear interactions between response categories and the binary outcome variable was made possible using dummy coding.

Logit Model of the Study

$$\ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \mathcal{E}$$

Where,

P = 1 = Yes, there is no formal succession plan (lack of planning)

1-P = 0 = No, the business has a formal succession plan

$\ln\left(\frac{P}{1-P}\right)$ = The log-odds (logit) of having a lack in formal succession planning.

β_0 = The intercept of the term

$\mathcal{E}$ = Standard error

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ = The coefficients for the independent variables $X_1, X_2, X_3, X_4, X_5, X_6, X_7$

X_1 = Future Generation Dedication (Nominal Scale)

X_2 = Family Conflicts (Nominal Scale)

X_3 = External Market Pressure (Nominal Scale)

X_4 = Financial Resources Availability (Nominal Scale)

X_5 = Emotional Attachment (Nominal Scale)

X_6 = Incumbent Role (Nominal Scale)

X_7 = Family Members Support (Nominal Scale)

Ethical Consideration

All procedures adhered to standard research ethics principles, even though this study did not require formal Institutional Review Board approval because of its minimal risk and non-sensitive nature (Saunders, Lewis et al. 2009). The aim of the study was explained to participants and they received anonymity and confidentiality before taking part. Every participant gave their verbal informed consent. At any point during the interview, respondents were made aware of their right to withdraw from the study or decline any question. All information was safely kept and used only for educational purposes.

Results and Discussion

Table 1. Univariate Analysis

Variable	Frequency	Percent
Age		
20-30	21	8.4
31-40	80	32.0
41-50	78	31.2
51-60	53	21.2
61-70	18	7.2
Total	250	100
Gender		
Male	239	95.6
Female	11	4.4
Total	250	100.0
Education		
Primary School	11	4.4
High School	96	38.4
College	86	34.4
Bachelor's Degree	57	22.8
Total	250	100.0
Generation		
1 st	79	31.6
2 nd	160	64.0
3 rd	11	4.4
Total	250	100.0
Marital Status		
Unmarried	9	3.6
Married	241	96.4
Total	250	100.0
Number of children		

0	14	5.6
1	43	17.2
2	126	50.4
3	59	23.6
4	8	3.2
Total	250	100.0
Interest in Taking Over		
No	67	26.8
Yes	183	73.2
Total	250	100.0
Importance of Succession Planning		
Yes	250	100.0
Aware of Potential Risk		
No	61	24.4
Yes	189	75.6
Total	250	100.0
Identification of Successor		
Strongly Disagree	25	10.0
Disagree	46	18.4
Neutral	6	2.4
Agree	79	31.6
Strongly Agree	94	37.6
Total	250	100.0
Future Benefit		
Agree	90	36.0
Strongly Agree	160	34.0
Total	250	100.0
Supporting Successor		
Strongly Disagree	13	5.2
Disagree	29	11.6
Neutral	18	7.2
Agree	72	28.8
Strongly Agree	118	47.2
Total	250	100.0
Emotional Attachment		
Strongly Disagree	137	54.8
Disagree	94	37.6
Agree	19	7.6
Total	250	100.0
Lack of Requisite Skill		
Strongly Disagree	11	4.4
Disagree	79	31.6
Neutral	23	9.2
Agree	111	44.4

Strongly Agree	26	10.4
Total	250	100.0
Leave Leadership		
Strongly Disagree	74	29.6
Disagree	109	43.6
Neutral	16	6.4
Agree	32	12.8
Strongly Agree	19	7.6
Total	250	100.0
Future Generation Dedication		
Strongly Disagree	22	8.8
Disagree	40	16.0
Neutral	75	30.0
Agree	72	28.8
Strongly Agree	41	16.4
Total	250	100.0
Interest of Next Generation		
No	73	29.2
Yes	177	70.8
Total	250	100.0
Lack of Confidence		
Strongly Disagree	23	9.2
Disagree	62	24.8
Neutral	74	29.6
Agree	76	30.4
Strongly Agree	15	6.0
Total	250	100.0
Family Conflicts		
Strongly Disagree	40	16.0
Disagree	78	31.2
Neutral	90	39.0
Agree	24	9.6
Strongly Agree	18	7.2
Total	250	100.0
Lack of Maturity		
Strongly Disagree	11	4.4
Disagree	47	18.8
Neutral	21	8.4
Agree	118	47.2
Strongly Agree	53	21.2
Total	250	100.0
Family Disagreements		
Agree	99	39.6

Strongly Agree	151	60.4
Total	250	100.0
Lack of Succession Planning		
No	91	36.4
Yes	159	63.6
Total	250	100.0
External Market Pressure		
No	39	15.6
Yes	211	84.4
Total	250	100.0
Values and Vision		
Disagree	11	4.4
Neutral	184	73.6
Agree	55	22.0
Total	250	100.0
Family Expectation and Tradition		
Strongly Disagree	49	19.6
Disagree	105	42.0
Agree	81	32.4
Strongly Agree	15	6.0
Total	250	100.0
Continuous Leadership		
Disagree	56	22.4
Agree	85	34.0
Strongly Agree	109	43.6
Total	250	100.0
Necessary Skills		
Strongly Disagree	15	6.0
Disagree	71	28.4
Neutral	20	8.0
Agree	104	41.6
Strongly Agree	40	16.0
Total	250	100.0
Reluctance to Step Down		
Strongly Disagree	117	46.8
Disagree	121	48.4
Agree	12	4.8
Total	250	100.0
Communication		
Excellent	146	59.4
Good	42	16.8
Fair	15	6.0
Poor	47	18.8

Total	25	100.0
Trust		
No	70	28.0
Yes	180	72.0
Total	250	100.0
Pressure by Family Members		
No	236	94.4
Yes	14	5.6
Total	250	100.0
Knowledge and Skills		
Strongly Disagree	23	9.2
Disagree	79	31.6
Neutral	14	5.6
Agree	92	36.8
Strongly Agree	42	16.8
Total	250	100.0
Active Involvement		
Strongly Disagree	103	41.2
Disagree	28	11.2
Agree	57	22.8
Strongly Agree	62	24.8
Total	250	100.0
Personal Ambition		
No	250	100.0
Financial Resources		
Disagree	12	4.8
Agree	151	60.4
Strongly Agree	87	34.8
Total	250	100.0
Decline Performance		
No	206	82.4
Yes	44	17.6
Total	250	100.0
Availability of Resources		
Very High	133	53.2
High	73	29.2
Moderate	44	17.6
Total	250	100.0
Financial Obligations		
Agree	64	25.6
Strongly Agree	186	74.4
Total	250	100.0
Declining Profitability		

Agree	74	29.6
Strongly Agree	176	70.4
Total	250	100.0
Financial Investment		
No	187	74.8
Yes	63	25.2
Total	250	100.0
Economic Impact		
Very Much	153	61.2
Somewhat	79	31.6
Little	18	7.6
Total	250	100.0
Changes in Market		
No	197	78.8
Yes	53	21.2
Total	250	100.0
Incumbent Role		
Strongly Disagree	18	7.2
Disagree	68	27.2
Agree	122	48.8
Strongly Agree	42	16.8
Total	250	100.0
Developing and Training		
Strongly Disagree	20	8.0
Disagree	123	49.2
Agree	89	35.6
Strongly Agree	18	7.2
Total	250	100.0
Objective Criteria		
Strongly Disagree	27	10.8
Disagree	42	16.8
Agree	114	45.6
Strongly Agree	67	26.8
Total	250	100.0
Family Member Support		
Neutral	33	13.2
Agree	114	45.6
Strongly Agree	103	41.2
Total	250	100.0
Shifting Leadership		
Agree	71	28.4
Strongly Agree	179	71.6
Total	250	100.0
Clear Succession Plan		

Agree	52	20.8
Strongly Agree	198	79.2
Total	250	100.0

Source: Authors' computation

Socio-Demographic Information

The largest age group of respondents is 31-40 years (32.0%), followed closely by 41-50 years (31.2%). Only 7.2% fall within the 61-70 years range. Most respondents (85.6%) are between 31 and 60 years of age. There will be a severe gender imbalance as 95.6 per cent of the survey will be male, and only 4.4 per cent will be female. The most common education level is High School (38.4%), followed by College (34.4%) and Bachelor's Degree (22.8%), with only 4.4% having attended Primary School. Respondents have an average of 15-30 years in their family businesses. The majority (64.0%) are from the 2nd generation, while 31.6% are from the 1st generation, and 4.4% belong to the 3rd generation, indicating that most businesses are in their early stages of development. A vast majority (96.4%) are married. Most respondents (50.4%) have two children, with 73.2% expressing interest in taking over the business.

Business Succession Readiness

All respondents (100%) understand the importance of succession planning for business sustainability. While 75.6% acknowledge the risks of inadequate succession planning, 24.4% lack awareness of these risks, highlighting a knowledge gap. Most incumbents (69.2%) are confident in finding a capable successor, but 28.4% express concerns about their successor's readiness. Despite this, 64% strongly agree that succession will benefit the company's future. A majority (76.0%) are willing to assist their successor in taking leadership roles, but 16.8% are reluctant or unsure. This suggests that although most incumbents are prepared to support succession, a small proportion may feel unprepared or reluctant to step down from their position. This indicates that succession planning is generally acknowledged but faces challenges in execution.

Resistance Factors

A large majority (92.4%) disagree that emotional attachment to their roles hinders succession, though 7.6% report emotional barriers. Concerns about successors' skills are prevalent, with 54.8% expressing doubts about successor capabilities. However, 36% are more confident in the successor's ability. Most respondents (73.2%) are not worried about losing control over decisions when stepping down, yet 20.4% have concerns. Commitment to the company by the next generation is a significant concern, with 45.2% fearing a lack of dedication, and only 24.8% disagreeing with this concern. A majority (70.8%) believe the next generation is interested in taking over, though 29.2% are unsure. Family conflicts are another issue, with 39.6% agreeing that family disputes could harm leadership transitions. Additionally, 63.6% believe their businesses lack formal succession planning, while external market pressures are seen as a significant influence on succession decisions (84.4%).

Psychological and Social Factors

73.6% of incumbents are unsure whether successors will preserve family business values, with only 4.4% disagreeing. A majority (61.6%) do not feel pressured by family expectations to retain control. 77.6% believe their leadership is essential to the business's success, although 22.4% disagree. Despite the prospect of successors, most incumbents believe their continued leadership is vital, indicating a strong sense of personal accountability. The results suggest that, while family expectations exist, incumbents generally feel no overwhelming pressure to keep control, and there is a significant sense of responsibility to lead the business.

Individual and Relational Factors

57.6% of respondents agree that successors have the necessary skills to run the company, though 34.4% have concerns. Most incumbents (95.2%) are not emotionally attached to their leadership roles, indicating readiness to step down. Communication regarding succession is rated positively, with 58.4% viewing it as excellent, although 18.8% rate it poorly. A significant 72% trust their successors' competence, but 28% remain uncertain. 94.4% of successors feel no pressure from family to take over, though 5.6% report feeling pressured. Opinions on successor participation in decision-making are divided, with 52.4% of respondents stating that successors are not involved enough. However, all incumbents agree that successors align with the company's goals over personal aspirations, showing a shared commitment to the business's future.

Financial and Context Factors

Most incumbents (95.2%) believe their business has sufficient financial resources to manage succession-related taxes. 82.4% report no recent declines in business performance, suggesting operational stability. 82.4% also rate financial resources for the successor's transition as high. However, 17.6% perceive moderate Availability. Financial obligations (74.4%) and diminishing profitability (70.4%) are significant concerns for succession planning, highlighting the impact of financial performance on planning efforts. Additionally, 74.8% believe insufficient investment in successor training is a key gap, emphasizing the need for greater focus on preparing future leaders. The economic environment (61.2%) and market changes (21.2%) also play a role in shaping succession strategies.

Process Factors

65.6% of incumbents agree that a clear role for themselves during the transition is defined, but 34.4% feel the role is unclear, potentially leading to confusion. Many businesses lack a formal plan for developing successors, with 57.2% of incumbents disagreeing on the existence of such a plan. However, 42.8% report having training programs in place. Most respondents (72.4%) agree that objective criteria for successor selection are established, but 27.6% disagree, suggesting ambiguity in the process. This indicates that while some businesses have structured plans, many still lack clear guidelines for succession.

Support and Future Outlook

While 45.6% of respondents believe family members support succession planning, 41.2% strongly disagree, indicating a lack of confidence in securing familial backing. Most respondents (71.6%) agree that leadership changes will enhance long-term business stability. A significant majority (79.2%) agree that developing a clear succession plan is crucial for the business's future, underscoring the widespread belief in its importance for sustained success. These results highlight the need for more comprehensive support and organized planning for leadership transitions to ensure long-term success.

Table 2. Bivariate Analysis

Age	Do you think the business lacks formal succession planning?		P-value
	No	Yes	
20-30	6(28.4%)	15(71.4%)	0.811
31-40	33(41.3%)	47(58.8%)	
41-50	28(35.9%)	50(54.1%)	
51-60	18(34.0%)	35(66.0%)	
61-70	6(33.3%)	12(66.7%)	
Gender			
Male	88	151	0.751
Female	3	8	
Education			
Primary School	2	9	0.360
High School	35	61	
College	29	57	
Bachelor's Degree	25	32	
Generation			
1 st	27(34.2%)	52(65.8%)	0.882
2 nd	60(37.5%)	100(62.5%)	
3 rd	4(36.4%)	7(63.6%)	
Marital Status			
Unmarried	2(22.2%)	7(77.8%)	0.494
Married	89(36.9%)	152(63.1%)	
Interest in Taking Over			
No	21(31.3%)	46(68.7%)	0.374
Yes	70(38.3%)	113(61.7%)	
Importance of Succession Planning			
Yes	91(36.4%)	159(63.6%)	No statistics
Aware of Potential Risk			
No	24(39.3%)	67(60.7%)	0.647
Yes	67(35.4%)	122(64.6%)	
Identification of Successor			
Strongly Disagree	5(20.0%)	20(80.0%)	

Disagree	16(34.8%)	30(65.2%)	0.273
Neutral	3(50.0%)	3(50.0%)	
Agree	27(34.2%)	52(65.8%)	
Strongly Agree	40(42.6%)	54(57.4%)	
Future Benefit			
Agree	34(37.8%)	56(62.2%)	0.785
Strongly Agree	57(35.6%)	103(64.4%)	
Supporting Successor			
Strongly Disagree	5(38.5%)	8(61.5%)	0.444
Disagree	8(27.6%)	21(72.4%)	
Neutral	5(27.8%)	13(72.2%)	
Agree	32(44.4%)	40(55.6%)	
Strongly Agree	41(34.7%)	77(65.3%)	
Emotional Attachment			
Strongly Disagree	47(34.3%)	90(65.7%)	0.575
Disagree	38(40.4%)	56(59.6%)	
Agree	6(31.6%)	13(68.4%)	
Lack of Requisite Skill			
Strongly Disagree	5(45.5%)	6(54.5%)	0.002
Disagree	42(53.2%)	37(46.8%)	
Neutral	4(17.4%)	19(82.6%)	
Agree	32(28.8%)	79(71.2%)	
Strongly Agree	8(30.8%)	18(69.2%)	
Leave Leadership			
Strongly Disagree	31(41.9%)	43(58.1%)	0.243
Disagree	36(33.0%)	73(67.0%)	
Neutral	6(37.5%)	10(62.5%)	
Agree	8(25.0%)	24(75.0%)	
Strongly Agree	10(52.6%)	9(47.4%)	
Future Generation Dedication			
Strongly Disagree	15(68.2%)	7(31.8%)	0.000
Disagree	23(57.5%)	17(42.5%)	
Neutral	21(28.0%)	54(72.0%)	
Agree	22(30.6%)	50(69.4%)	
Strongly Agree	10(24.4%)	31(75.6%)	
Lack of Confidence			
Strongly Disagree	11(47.8%)	12(52.2%)	0.000
Disagree	29(46.8%)	33(53.2%)	
Neutral	8(10.8%)	66(89.2%)	
Agree	38(50.0%)	38(50.0%)	
Strongly Agree	5(33.3%)	10(66.7%)	
Family Conflicts			
Strongly Disagree	24(60.0%)	16(40.0%)	

Disagree		28(35.9%)	50(64.1%)	0.001
Neutral		31(34.4%)	59(65.6%)	
Agree		7(29.2%)	17(70.8%)	
Strongly Agree		1(5.6%)	17(94.4%)	
Lack of Maturity				
Strongly Disagree		1(9.1%)	10(90.0%)	0.013
Disagree		24(51.1%)	23(48.9%)	
Neutral		3(14.3%)	18(85.7%)	
Agree		45(38.1%)	73(61.9%)	
Strongly Agree		18(34.0%)	35(66.0%)	
Family Disagreements				
Agree		33(33.3%)	66(66.7%)	0.424
Strongly Agree		58(38.4%)	93(61.6%)	
External Market				0.000
Pressure		27(69.2%)	12(30.8%)	
No		64(30.3%)	147(69.7%)	
Yes				
Values and Vision				
Disagree		4(36.4%)	7(63.6%)	0.952
Neutral		66(35.9%)	118(64.1%)	
Agree		21(38.2%)	34(61.8%)	
Family Expectation and Tradition				
Strongly Disagree		22(44.9%)	27(55.1%)	0.012
Disagree		42(40.0%)	63(60.0%)	
Agree		27(33.3%)	54(66.7%)	
Strongly Agree		0(0%)	15(100%)	
Continuous Leadership				
Disagree		37(66.1%)	19(33.9%)	0.000
Agree		27(31.8%)	58(68.2%)	
Strongly Agree		27(24.8%)	82(75.2%)	
Necessary Skills				
Strongly Disagree		4(26.7%)	11(73.3%)	0.035
Disagree		22(31.0%)	49(69.0%)	
Neutral		3(15.0%)	17(85.0%)	
Agree		41(39.4%)	63(60.6%)	
Strongly Agree		21(52.5%)	19(47.5%)	
Reluctance to Step				0.028
Down		38(32.5%)	79(67.5%)	
Strongly Disagree		52(43.0%)	69(57.0%)	
Disagree		1(8.3%)	11(91.7%)	
Agree				
Communication				
Excellent		56(38.4%)	90(61.6%)	

Good	15(35.7%)	27(64.3%)	0.869
Fair	5(33.3%)	10(66.7%)	
Poor	15(31.9%)	32(68.1%)	
Trust			
No	26(37.1%)	44(62.9%)	0.885
Yes	65(36.1%)	115(63.9%)	
Pressure by Family Members			
No	90(38.1%)	146(61.9%)	0.021
Yes	1(7.1%)	13(92.9%)	
Knowledge and Skills			
Strongly Disagree	5(21.7%)	18(78.3%)	0.005
Disagree	22(27.8%)	57(72.2%)	
Neutral	3(21.4%)	11(78.6%)	
Agree	47(51.1%)	45(48.9%)	
Strongly Agree	14(33.3%)	28(66.7%)	
Active Involvement			
Strongly Disagree	25(24.3%)	78(75.7%)	0.003
Disagree	13(46.4%)	15(53.6%)	
Agree	21(36.8%)	36(63.2%)	
Strongly Agree	32(51.6%)	30(48.4%)	
Personal Ambition			No statistics
No	91(36.4%)	159(63.6%)	
Financial Resources			
Disagree	0(0%)	12(100%)	0.000
Agree	46(30.5%)	105(69.5%)	
Strongly Agree	45(51.7%)	42(48.3%)	
Decline Performance			
No	76(36.9%)	130(63.1%)	0.863
Yes	15(34.1%)	29(65.9%)	
Rate of Resources			
Very High	52(39.1%)	81(60.9%)	0.009
High	17(23.3%)	56(76.7%)	
Moderate	22(50%)	22(50%)	
Financial Obligations			
Agree	23(35.9%)	41(64.1%)	1.000
Strongly Agree	68(36.6%)	118(63.4%)	
Declining Profitability			
Agree	20(27.0%)	54(73.0%)	0.061
Strongly Agree	71(40.3%)	105(59.7%)	
Financial Investment			
No	60(32.1%)	127(67.9%)	0.016
Yes	31(49.2%)	32(50.8%)	
Economic Impact			

Very Much	70(45.8%)	83(54.2%)	0.000
Somewhat	21(26.6%)	58(73.4%)	
Little	0(0%)	18(100%)	
Changes in Market			
No	81(41.1%)	116(58.9%)	0.003
Yes	10(18.9%)	43(81.1%)	
Incumbent Role			
Strongly Disagree	8(44.4%)	10(55.6%)	0.000
Disagree	10(14.7%)	58(85.3%)	
Agree	51(41.8%)	71(58.2%)	
Strongly Agree	22(52.4%)	20(47.6%)	
Developing and Training	0(0%)	20(100%)	0.000
Strongly Disagree	27(22.0%)	96(78.0%)	
Disagree	55(61.8%)	34(38.2%)	
Agree	9(50.0%)	9(50.0%)	
Strongly Agree			
Objective Criteria			
Strongly Disagree	2(7.4%)	25(92.6%)	0.000
Disagree	3(7.1%)	39(92.9%)	
Agree	50(43.9%)	64(56.1%)	
Strongly Agree	36(53.7%)	31(46.3%)	
Family Member Support	4(12.1%)	29(87.9%)	0.000
Neutral	34(29.8%)	80(70.2%)	
Agree	53(51.5%)	50(48.5%)	
Strongly Agree			
Shifting Leadership			
Agree	25(35.2%)	46(64.8%)	0.884
Strongly Agree	66(36.9%)	113(63.1%)	
Clear Succession Plan			
Agree	19(36.5%)	33(63.5%)	1.000
Strongly Agree	72(36.4%)	126(63.6%)	

Source: Authors' computation

The crosstabulation results show the relationship between age and the lack of formal succession planning. The majority of respondents in age groups 20-30, 31-40, 41-50, 51-60, and 61-70 report a lack of succession planning, with percentages ranging from 58.8% to 71.4%. However, the P-value of 0.811 indicates no significant association between age and the lack of succession planning. Similarly, there is no significant association between gender and succession planning, with a P-value of 0.751. Education, marital status, and generational status also show no significant associations with the lack of succession planning, confirming no correlation between these socio-demographic factors and formal succession planning.

Business Succession Readiness

All respondents agree on the importance of succession planning for their business's long-term success. However, 64.6% of respondents lack formal succession planning despite being aware of its risks. The P-value of 0.647 indicates no significant relationship between awareness of risks and having a formal plan. While many incumbents claim to have identified a successor, 65.8% still lack formal succession planning. About 50% of respondents remain neutral regarding effective succession planning, while 80% who strongly disagree about identifying a successor do not have a formal plan. The P-value of 0.273 shows no significant association between successor identification and the presence of a formal succession plan.

Resistance Factors

Regarding emotional attachment, most incumbents (137) strongly disagree that it hinders succession, with only 19 agreeing. The P-value of 0.575 indicates no significant relationship between emotional attachment and succession planning. Concerns about the successor's skills are evident, with 111 incumbents agreeing that their successor may lack the necessary skills, and 28.8% of these have formal succession plans. The P-value of 0.002 indicates a significant association between concerns about successor skills and lack of succession planning. When asked about losing control over decisions, 67% of those who agree lack a formal succession plan. However, the P-value of 0.243 shows no significant correlation with loss of control and succession planning.

Psychological and Social Factors

Among incumbents, 73.6% remain neutral or uncertain about whether the successor will uphold family business values. A small Percentage (22%) agrees, but the P-value of 0.952 indicates no significant association. Most incumbents (100%) strongly agreed that the absence of family expectations and pressure to maintain control led to a lack of formal succession plans (P-value: 0.012). Regarding leadership continuity, 56 incumbents disagreed that their leadership is critical for the business's success, while 31.8% of those who strongly agreed have no formal succession plan. The P-value of 0.000 shows a highly significant association between leadership continuity and succession planning. Concerns about family conflicts during transitions also show a significant relationship with succession planning (P-value: 0.001).

Individual and Relational Factors

One hundred four incumbents agree and 40 strongly agree that their successors possess the necessary skills to run the business. The P-value of 0.035 indicates a significant association between successor skills and formal succession planning. Regarding emotional attachment, 117 incumbents strongly disagreed, and 121 disagreed that they are reluctant to step down due to emotional attachment. The P-value of 0.028 indicates a significant relationship between emotional attachment and lack of succession planning. Communication between generations regarding succession is generally rated positively by 146 respondents. However, 61.6% of those who rated communication poorly still lack a succession plan. The P-value of 0.869 shows no significant association between communication and formal succession planning.

Financial and Context Factors

A majority (151) of incumbents agree that their business has sufficient financial resources to sustain tax burdens associated with succession, but 69.5% of these still lack formal succession planning. The P-value of 0.000 indicates a significant association between financial resources and succession planning. Regarding business performance, 44 respondents reported declines that could affect succession, while 206 denied such declines. The P-value of 0.863 indicates no significant association between declining business performance and succession planning. Regarding the Availability of financial resources, 60.9% of incumbents who rated resources as "very high" still lack a succession plan. The P-value of 0.009 confirms a significant association between resource availability and succession planning.

Process Factors

A majority of incumbents (65.6%) agree that there is a clearly defined role for the incumbent during the transition phase. However, 52.4% of respondents who strongly agreed still lack succession planning. The P-value of 0.000 indicates a highly significant association between the incumbent's role and succession planning. Regarding the formal plan for developing and training potential successors, 78% of those who disagreed about having such a plan still lack a formal succession plan, with a P-value of 0.000 confirming a significant relationship. Additionally, 114 incumbents agreed that objective criteria are used for selecting successors, but 46.3% of these still lack a succession plan. The P-value of 0.000 confirms the association between formal criteria for successor selection and the presence of succession planning.

Support and Future Outlook

A significant portion of respondents (103) strongly agreed that family members would support the decision to plan for succession, but 70.2% of those who agreed lack formal succession planning. The P-value of 0.000 indicates a significant relationship between family support for succession planning and the presence of formal plans. While 179 respondents agreed that shifting leadership will improve long-term stability, the P-value of 0.884 shows no significant association with succession planning. Furthermore, 198 incumbents strongly agreed that a clear succession plan will ensure long-term success, but 63.6% of these still lack a formal plan. The P-value of 1.000 indicates no significant association between the belief in long-term success and the presence of a succession plan.

Diagnostic for Multicollinearity

There were no multicollinearity issues, according to the multicollinearity assessment, which revealed tolerance values between A and B (all > 0.20) and VIF values between X and Y (all < 5).

Table 3. Omnibus Tests of Model Coefficients

	Chi-square	Df	Sig.
Step	116.713	18	.000
Block	116.713	18	.000
Model	116.713	18	.000

Source: Authors' computation

The Omnibus Tests of Model Coefficients evaluate whether the logistic regression model with predictors significantly improves over the null model. The Chi-square value of 116.713 with 18 degrees of freedom is statistically significant ($p < 0.001$), indicating that the model explains a significant portion of the variation in the dependent variable. This result confirms that the predictors collectively contribute to the model's ability to predict the outcome variable.

Table 4. Hosmer and Lemeshow Test

Chi-square	Df	Sig.
5.422	8	.712

Source: Authors' computation

The Hosmer and Lemeshow Test assesses the goodness of fit for a logistic regression model. A Chi-square value of 5.422 with 8 degrees of freedom and a significance value of 0.712 indicates that the model fits the data well. Since the p-value is greater than 0.05, there is no evidence to suggest a poor fit between the observed and predicted values. This implies the model is appropriately specified for the data.

Binary logistic regression was performed to assess the impact of several factors on the likelihood that incumbents would report that they face problems with intra-family succession planning. The model contained seven independent variables (Future generations' dedication, Family conflicts, External market pressure, Current leader's emotional attachment, Availability of financial resources, Incumbent role and Family members' support for succession). The complete model containing all predictors was statistically significant, $\chi^2 (18, N=250) = 116.713, P=0.000$, indicating that the model was able to distinguish between incumbents having lacking and no lacking in their business succession planning.

The model as a whole explained between 37.3% (Cox & Snell R Square) and 51.1% (Nagelkerke R Square) of the variance in succession planning and correctly classified 82.8% of cases. According to the logistic regression results, a number of factors significantly affect the likelihood that family-owned SMEs will not have a formal succession plan. An odds ratio of 0.195 indicates incumbents who disagree about their future generation dedication are significantly more likely to have a formal succession plan, with 80.5% lower odds of lacking a succession plan. Strong disagreement with conflict concerns decreased the odds of lacking planning by 94.9% ($OR = 0.051$) in one category where family disputes also demonstrated relevance, indicating that families with less conflict are better equipped to create formal plans.

Businesses under competitive or environmental pressure were more likely to use succession planning, indicated to a strong and highly significant predictor ($OR = 0.103, p < .001$). On the other hand, the availability of financial resources showed very significant positive benefits, with larger levels of financial resources increasing the probability of having a formal succession plan by 4.15 and 9.25 times, respectively. Another strong predictor was how well-defined the incumbent's role was during the transition; the likelihood of formal planning increased by up to 9.49 times when incumbents felt their role was well-defined, underscoring the importance of role structure in transition readiness. Supportive family situations somewhat increase the chance of succession planning, according to the marginal importance of family support ($OR = 2.136, p = .047$). Overall,

the equation shows that incumbents' planning decisions are influenced by a variety of factors, including commitment, conflict, external pressures, financial strength, role clarity and family support.

Table 5. Coefficient Table

Variables	B	S.E.	Sig.	Odds Ratio	95% CI for OR	
					Lower	Upper
Future Generation Dedication			.004			
Future Generation Dedication (1)	-1.635	.860	.057	.195	.036	1.052
Future Generation Dedication (2)	-1.641	.731	.025	.194	.046	.812
Future Generation Dedication (3)	.259	.643	.687	1.295	.367	4.565
Future Generation Dedication (4)	-.012	.642	.985	.988	.281	3.476
Family Conflicts			.010			
Family Conflicts (1)	-2.970	1.389	.033	.051	.003	.781
Family Conflicts (2)	-1.052	1.323	.426	.349	.026	4.668
Family Conflicts (3)	-2.105	1.307	.107	.122	.009	1.581
Family Conflicts (4)	-1.309	1.371	.340	.270	.018	3.969
External Market Pressure (1)	-2.273	.517	.000	.103	.037	.284
Emotional Attachment			.001			
Emotional Attachment (1)	-.088	1.211	.942	.916	.085	9.834
Emotional Attachment (2)	-1.727	1.189	.147	.178	.017	1.830
Financial Resources Availability			.001			
Financial Resources Availability (1)	1.423	.504	.005	4.151	1.547	11.141
Financial Resources Availability (2)	2.225	.594	.000	9.251	2.887	29.645
Incumbent Role			.003			
Incumbent Role (1)	.457	.767	.552	1.579	.351	7.106
Incumbent Role (2)	2.250	.634	.000	9.489	2.739	32.869
Incumbent Role (3)	1.119	.499	.025	3.061	1.151	8.141
Family Members Support			.060			
Family Members Support (1)	1.310	.723	.070	3.705	.898	15.281
Family Members Support (2)	.759	.382	.047	2.136	1.011	4.513
Constant	1.125	1.757	.522	3.080		

Source: Authors' computation

When other factors are considered into account in the logistic regression, the crosstab findings indicate that many respondents who strongly agree about having a defined incumbent role nevertheless do not have a succession plan ($p = 0.000$). Role clarity significantly raises the

probability of having a formal succession plan, according to the modified model (OR = 9.49). As a result, the regression shows the actual beneficial impact of role clarity whereas the crosstab shows uncorrected connections. The regression model reveals a significant impact of succession planning on the continuity of family businesses (Olubiyi, Lawal et al. 2022). Several variables exhibit strong directional effects that make it clear which hypotheses are supported and which are not.

An incumbent may lose interest in the family business if they fail to communicate that they are prepared to step down and create a succession plan, or if they fail to communicate the plan to other family members successfully. This could therefore increase the successor's belief that the incumbent is not ready to leave, leading the incumbent to postpone the succession planning process and further consolidate the incumbent's belief that the successor is unwilling to take over the company (Sharma, Chrisman et al. 2003). Thus, research on factors influencing succession planning in family-owned SME firms helps in formulating a formal succession planning in developing countries like Bangladesh.

Table 6. Evaluation of Hypothesis

Hypothesis	Supported?	Evidence
H1	Not supported	OR < 1 (p = .004)
H2	Supported	p = .01
H3	Supported	OR = .103
H4	Partially supported	Overall sig only
H5	Supported	OR > 4 and OR > 9
H6	Supported	OR = 9.48
H7	Partially supported	Weak significance

Conclusions

The incumbent-related variables that inhibit intra-family succession planning among family-owned SMEs in Bangladesh are empirically evaluated in this study. The study identifies future generation dedication, family conflicts, external market pressures, emotional attachment, financial resource availability, clarity of the incumbent's role and family support as important determinants of succession planning using data from 250 incumbents and a binary logistic regression model that explains 37.3-51.1% of the variance in succession outcomes. A firm started by the older generation may become less engaging and lucrative with the market and industry changing when it is taken over by the younger generation (ZHU 2020). So, every business should adopt a formal succession plan for selecting a suitable successor and ensuring the long-term sustainability of the business. The results show that although incumbents understand the value of leadership continuity, over 60% of companies still do not have formal succession plans because of psychological resistance, interpersonal conflicts, financial concerns, and uncertain role structures during transitions. Even while many shows confident in the competence of their successors, incumbents' attitudes particularly their perceived indispensability and reluctance to step aside emerge as important behavioral impediments. According to the report, there is a significant gap between awareness and action, indicating that Bangladeshi family businesses find it difficult to convert their recognition of succession issues into formal strategies. These observations highlight

the need for focused capacity-building programs, improved family governance and organized succession procedures. In order to help family-owned SMEs institutionalize succession planning and guarantee long-term business continuity in the changing economic landscape of Bangladesh, targeted advice services, successor training programs, conflict-management assistance and financial incentives can be extremely helpful.

Despite these valuable insights, this research has certain limitations as it focuses on a specific geographic and economic context. This research considers only incumbent-related factors which prevent intra-family succession of family-owned SMEs. Responses may be affected by social desirability bias because data was obtained solely from incumbents particularly in delicate areas like attachment and perceptions of successors. To lessen reliance on self-reported data, future studies could include additional respondents (such as spouses, employees or successors) or triangulate findings with observational or archival data. Although the sample captures meaningful variation, the results may not generalize to larger corporations or different regional or cultural context. Therefore, it is recommended that future researchers may consider stratified sampling technique taking larger sample sizes and a wider geographic context.

References

- Alam, M., & Furukawa, Y. (2009). Cane (Rattan) enterprises as family business in Bangladesh: a case study. *Electronic Journal of Family Business Studies*, (2)., 1-15, <https://urn.fi/URN:NBN:fi:ju-200906091710>.
- Aleem, M., & Islam, M. S. (2009). Successful Succession in Family Businesses: Individual Level Factors and Succession Planning Models. *Electronic Journal of Family Business Studies (EJFBS)*, 3 (2). <http://doi.org/10.2139/ssrn.1650557>
- Al-Maskari, A., Al-Maskari, M., Alqanoobi, M., & Kunjumammed, S. (2019). Internal and external obstacles facing medium and large enterprises in Rusayl Industrial Estates in the Sultanate of Oman. *Journal of Global Entrepreneurship Research*, 9(1), Article 1. <https://doi.org/10.1186/s40497-019-0181-9>
- Arik, M., & Pendleton, C. (2022). Family business succession: A survey-based analysis of succession readiness. *Global Journal of Management & Marketing*, 6(2), 1–15. <https://doi.org/10.20474/jabs-6.5.4>
- Atwood, C. (2020). Succession planning basics. Association for Talent Development, 2nd Ed.
- Ballaro, J. M., & Polk, L. (2017). Developing an organization for future growth using succession planning. *Organization Development Journal*, 35(4), 41-59. <http://www.scribd.com/document/864975010/Developing-an-organization-for-future-growth-using-succession-planning>
- Barnett, R., & Davis, S. (2008). Creating greater success in succession planning. *Advances in Developing Human Resources*, 10(5), 721–739. <https://doi.org/10.1177/1523422308322277>
- Barnett, R., & Davis, S. (2008). Creating greater success in succession planning. *Advances in Developing Human Resources*, 10(5), 721–739. <https://doi.org/10.1177/1523422308322277>

- Boyd, B., Botero, I. C., & Fediuk, T. A. (2014). Incumbent decisions about succession transitions in family firms: A conceptual model. *International Journal of Financial Studies*, 2(4), 335-358. <https://www.mdpi.com/2227-7072/2/4/335>
- Chrisman, J. J. (2019). Stewardship theory: Realism, relevance, and family firm governance. *Entrepreneurship Theory and Practice*, 43(6), 1051-1066. <https://journals.sagepub.com/doi/full/10.1177/1042258719838472>
- Danaparamita, F. A., & Sutanto, J. E. (2024). Conflict resolution and succession planning in the family business PT. Soka Abadi. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 8(3), 1-12.
- Davis, J. H., Schoorman, F. D., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1), 20-47. <https://doi.org/10.2307/259223>
- De Massis, A., Chua, J. H., & Chrisman, J. J. (2008). Factors preventing intra-family succession. *Family Business Review*, 21(2), 183-199. <https://doi.org/10.1111/j.1741-6248.2008.00118.x>
- De Massis, A., Sieger, P., Chua, J. H., & Vismara, S. (2016). Incumbents' attitude toward intrafamily succession: An investigation of its antecedents. *Family Business Review*, 29(3), 278-300. <https://doi.org/10.1177/0894486516656276>
- Estedadi, E., & Hamidi, K. (2015). The importance of succession planning in organizations. *Advanced Social Humanities and Management*, 2(3), 41-47.
- Ferrari, F. (2023). The postponed succession: An investigation of the obstacles hindering business transmission planning in family firms. *Journal of Family Business Management*, 13(2), 412-431. <https://doi.org/10.1108/JFBM-04-2022-0053>
- Gagné, M., Marwick, C., Brun de Pontet, S., & Wrosch, C. (2021). Family business succession: What's motivation got to do with it? *Family Business Review*, 34(2), 154-167. <https://doi.org/10.1177/08944865211004441>
- Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs and ownership structure. In *Corporate governance* (pp. 77-132). Gower.
- Koh, A., & Lee, J. S. (2021). *Asian family businesses: Succession, governance and innovation*. World Scientific. <https://doi.org/10.1142/12187>
- Li, W., Wang, Y., & Cao, L. (2023). Identities of the incumbent and the successor in the family business succession: Review and prospects. *Frontiers in Psychology*, 14, Article 1062829. <https://doi.org/10.3389/fpsyg.2023.1062829>
- Mehrabani, S. E., & Mohamad, N. A. (2011). Succession planning: A necessary process in today's organization. *International Journal of e-Education, e-Business, e-Management and e-Learning*, 1(5), 371-377. <https://doi.org/10.7763/IJEEEE.2011.V1.61>
- Mishra, A. K., & El-Osta, H. S. (2007). Factors affecting succession decisions in family farm businesses: Evidence from a national survey. *Journal of the American Society of Farm Managers and Rural Appraisers*, 1-10. <https://doi.org/10.22004/ag.econ.190674>
- Nave, E., Ferreira, J. J., Fernandes, C. I., do Paço, A., Alves, H., & Raposo, M. (2022). A review of succession strategies in family business: Content analysis and future research directions. *Journal of Management & Organization*, 1-25. <https://doi.org/10.1017/jmo.2022.12>

- Neske, D. A. L., Casimiro, L. A. O., & Ribeiro, I. (2020). Succession and conflicts: Research propositions about family businesses. *Iberoamerican Journal of Strategic Management (IJSM)*, 19(2), 6–27. <https://doi.org/10.5585/riac.v19i2.16668>
- Olubiya, O., Lawal, A. T., & Adeoye, O. O. (2022). Succession planning and family business continuity: Perspectives from Lagos State, Nigeria. *Organization and Human Capital Development*, 1(1), 40–52. <https://doi.org/10.31098/orcadev.v1i1.865>
- Owusu-Acheampong, E., Arkaifie, S. J., Afriyie, E. O., & Azu, T. D. (2024). Factors affecting succession planning in Sub-Saharan African family-owned businesses: A scoping review. *Journal of Family Business Management*, 14(6), 1099–1118. <https://doi.org/10.1108/JFBM-03-2023-0050>
- Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*, 10(1), 74–95. <https://doi.org/10.1177/0974686217701467>
- Porfírio, J. A., Felício, J. A., & Carrilho, T. (2020). Family business succession: Analysis of the drivers of success based on entrepreneurship theory. *Journal of Business Research*, 115, 250–257. <https://doi.org/10.1016/j.jbusres.2020.04.054>
- Rodríguez Lizano, V. A., Montero-Vega, M., & Sibelet, N. (2020). Which variables influence the succession process in family farms? A literature review. *Cahiers Agricultures*, 29, Article 39. <https://doi.org/10.1051/cagri/2020038>
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students*. Pearson education.
- Sharma, P., Chrisman, J. J., & Chua, J. H. (2003). Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*, 18(5), 667–687. [https://doi.org/10.1016/S0883-9026\(03\)00015-6](https://doi.org/10.1016/S0883-9026(03)00015-6)
- Sunon, K. H., Islam, M. T., & Kabir, M. A. (2022). Impact of family succession on financial performance: Empirical evidence from Bangladesh. *Journal of Family Business Management*, 12(2), 337–354. <https://doi.org/10.1108/JFBM-06-2020-0066>
- Tamunomiebi, M. D., & Okwakpam, J. A. (2019). Effective succession planning: A roadmap to employee retention. *Arabian Journal of Business and Management Review (Kuwait Chapter)*, 8(2), 1-10.
- Urban, B., & Nonkwelo, R. P. (2022). Intra-family dynamics and succession planning in family businesses in South Africa: The daughter as a potential successor. *Journal of Family Business Management*, 12(2), 266–279. <https://doi.org/10.1108/JFBM-06-2020-0057>
- Valencia, Z., & Pratama, A. P. (2024). Proposed succession planning for next-generation family business: A study of PT X. *International Journal of Current Science Research and Review*, 7(1), 531–541. <https://doi.org/10.47191/ijcsrr/V7-i1-49>
- Visser, A., & Lu, D. (2019). Incumbent leaders and their effect on the successor generation in family business SME's.
- Welsh, D. H. B., Memili, E., Rosplock, K., Roure, J., & Segurado, J. L. (2013). Perceptions of entrepreneurship across generations in family offices: A stewardship theory perspective. *Journal of Family Business Strategy*, 4(3), 213–226. <https://doi.org/10.1016/j.jfbs.2013.07.001>

- Yang, B., Nahm, A. Y., & Song, Z. (2022). Succession in family business and environmental investment: The moderating role of external environment. *Economic Research–Ekonomika Istraživanja*, 35(1), 5997–6015. <https://doi.org/10.1080/1331677X.2022.2033925>
- Yu, F., Wang, P., Bai, Y., & Li, D. (2018). Governance conflict in Chinese family firms: Managed by family-based managers or external managers? *International Journal of Conflict Management*, 29(4), 446–469. <https://doi.org/10.1108/IJCMA-01-2018-0010>
- Zhu, S. (2020). The influence of incumbent-and successor-related factors on succession process in family firms: Exploring the role of values in family business succession. https://ink.library.smu.edu.sg/etd_coll/324/

Appendix 01

Research Questionnaire:

Factors Preventing Intra-Family Business Succession of Family-Owned SME Firms in Bangladesh: An Empirical Evaluation

We are conducting a survey on “**Factors Preventing Intra-Family Business Succession of Family-Owned SME Firms in Bangladesh: An Empirical Evaluation**” This study aimed at exploring the factors that prevent successful intra-family succession in family-owned businesses. Your responses will contribute to the understanding of the challenges and factors hindering smooth transitions of ownership and management between family members. The information provided will remain confidential and used solely for academic purposes.

Section 1: Demographic Information

1. Organization Name _____
2. What is your age? _____
3. What is your gender? (Male / Female / Other) _____
4. What is your highest level of education? (High school / Bachelor's degree / Master's degree / PhD / Other) _____
5. What is your current role in the family business? _____
6. How long have you been involved in the family business? (years) _____
7. What generation of the family business are you part of? (1st / 2nd / 3rd / Other) _____
8. Marital status _____
9. Number of children _____
10. Did you have an interest in taking over the business? (Yes / No)

Section 2: Business Succession Readiness

11. I understand the importance of succession planning for the long-term success of the business. (Yes / No)
12. I am aware of the potential risks associated with inadequate succession planning. (Yes / No)
13. I have identified a successor within the family who is capable of taking over the business. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
14. I believe that the succession process will benefit the future of the business. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
15. I am fully prepared to support my successor as they assume leadership responsibilities. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

Section 3: Resistance Factors

16. I have a strong emotional attachment to my role in the firm which makes succession difficult. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
17. I am concerned that a successor will lack the requisite skills to run the business efficiently. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
18. I am worried that if I leave leadership, I will lose control over crucial company decisions. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
19. I believe that the future generation will not be as dedicated to the business as I am. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
20. Do you think the next generation is interested in taking over the business? (Yes / No)
21. There is a lack of confidence in next generation's ability to manage the business effectively. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
22. I worry that transitioning the business could lead to conflicts within the family. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
23. I feel that the successor lacks the maturity required to effectively lead the business. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
24. I believe that family disagreements may have a negative impact on the leadership changeover. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)
25. Do you think the business lacks formal succession planning? (Yes / No)
26. Do you think external market pressures or competition influence the decision of the succession process? (Yes / No)

Section 4: Psychological and Social Factors

27. Do you think that your successor might not uphold the values and vision of the family business? (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

28. Do you feel any pressure to maintain control due to family expectations and traditions? (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

29. Do you believe your continuous leadership is critical to the company's success, even if a replacement is available? (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

Section 5: Individual and Relational Factors

30. The potential successor(s) in my family have the necessary skills to lead the business. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

31. The current leader (incumbent) is emotionally attached and reluctant to step down. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

32. How would you describe the communication between generations regarding business succession? (Excellent / Good / Fair / Poor)

33. Do family members trust the potential successor(s) to take over the business? (Yes / No)

34. Is the successor feeling pressured by family members to take over the business? (Yes / No)

35. The successor has the necessary knowledge and skills to take over the business. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

36. The successor is actively involved in decision-making processes. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

37. Does the successor prioritize personal ambitions over business goals? (Yes / No)

Section 6: Financial and Context Factors

38. The family business has adequate financial resources to sustain the tax burden related to succession. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

39. Have there been recent declines in business performance that could affect the succession process? (Yes / No)

40. How would you rate the availability of financial resources for the next generation to take over the business? (Very High / High / Moderate / Low / Very Low)

41. Do you think the financial obligations (loans, debts etc.) pose a challenge to succession planning within your family business? (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

42. The declining profitability impact succession planning. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

43. Has there been sufficient financial investment in training the next generation for leadership roles? (Yes / No / Unsure)

44. To what extent do economic conditions in Bangladesh impact your succession planning? (Very much / Somewhat / Neutral / Little impact / No impact)

45. Have significant changes in the market or the scale of the business occurred recently? (Yes / No)

46. Have key customers or suppliers raised concerns about working with a new successor? Please elaborate: _____

Section 7: Process Factors

47. There is a clearly defined role for the incumbent during the transition phase. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

48. There is a formal plan for developing and training the potential successor(s) to prepare them for leadership. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

49. The family has established objective criteria for selecting the successor. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

Section 8: Support and Future Outlook

50. I am confident that family members would support my decision to plan for succession. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

51. I feel that shifting leadership will improve the business's long-term stability. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

52. I feel that creating a clear succession plan will ensure the company's long-term success. (Strongly Disagree / Disagree / Neutral / Agree / Strongly Agree)

53. What additional support do you believe is necessary to ensure a smooth succession?

54. What key challenges do you foresee in the next five years regarding succession?

Thank you for participating in this interview. Your insights are invaluable and will contribute to a better understanding of the factors preventing successful intra-family succession.