

Transcending the past into the future: the effects of succession planning and incumbents' willingness to step aside on the sustainability of family businesses

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Abstract

Purpose – This study examines the influence of succession planning and the incumbents' willingness to step aside on the sustainability of family businesses, a critical but often overlooked aspect that can determine the long-term viability of these enterprises. The study further explores the moderating effect of the incumbents' willingness to step aside in the relationship between succession planning and sustainability.

Design/methodology/approach – The study employs a cross-sectional survey design. Data were collected through structured questionnaires from 190 successors of family businesses in Tanzania. Confirmatory factor analysis was used to validate the measurement model, and hypotheses were tested using the PROCESS macro.

Findings – The findings indicate that both succession planning and the incumbents' willingness to step aside significantly enhance the sustainability of family businesses by ensuring a smooth and structured leadership transition, which minimizes disruptions and safeguards business continuity. Additionally, the incumbents' willingness to step aside was found to be a significant moderator of the relationship between succession planning and sustainability, meaning that the influence of succession planning on sustainability is much stronger when the incumbents are fully supportive and cooperative during the transition. This implies that without the incumbents' active participation, even well-designed succession plans may not achieve their full potential.

Originality/value – This study contributes to the limited empirical evidence on the influence of succession planning on the sustainability of family businesses. Additionally, it advances current understanding by identifying the moderating effect of the incumbents' willingness to step aside on the relationship between succession planning and sustainability, an area not previously explored in the literature. The findings have significant implications for both practitioners and researchers, offering new perspectives on managing generational transitions in family businesses.

Keywords Succession planning, Sustainability, Incumbent, Willingness to step aside, Family businesses, Tanzania

Paper type Research paper

1. Introduction

A family business is a business that is not just owned but also controlled by family members (Nandi *et al.*, 2019). It encompasses any business arrangement where a set of relatives holds a dominant stake in the management of the organization (von Schlippe *et al.*, 2021). Family businesses are considered a significant source of economic growth and development in today's world (Miroshnychenko *et al.*, 2021; Chirapanda, 2020) and are often major employers, providing job opportunities for a significant portion of the population (Chahal and Sharma, 2020). In addition, family businesses collectively contribute a significant portion to the gross



domestic product (GDP) of a nation (Memili *et al.*, 2015). Their economic activities, including production, sales and services, contribute to the overall economic output. Given this, the essentiality of the sustainability of these firms is seen as vital for the advancement of a nation.

However, despite the significant contributions of family businesses to individuals and nations, their sustainability has not been promising (Jamil *et al.*, 2023; Clauß *et al.*, 2022; Ferreira *et al.*, 2021). For instance, literature presents that only 30% of family businesses endure into the second generation of family ownership, and a mere 15% persist into the third generation (Qi *et al.*, 2021; Ali and Ali, 2018; Mokhber *et al.*, 2017). In addition, Sreih *et al.* (2019) and Luan *et al.* (2018) revealed that over two-thirds of family businesses do not survive beyond the first generation, suggesting a challenge to the sustainability of family businesses. Sustainability in a family business refers to the capacity to maintain and continue its operations over time and across generations while contributing to community improvement beyond business interests (Ismail, 2023; Somboonvechakarn *et al.*, 2022). It encompasses a commitment to developing and implementing a comprehensive sustainability plan, recognizing the importance of having a dedicated sustainability manager or successor, ensuring fair treatment of employees, and actively participating in initiatives that enhance the well-being of the community (Imran *et al.*, 2019).

Sustainable family businesses provide stable employment and generate wealth for both the family and the community (Sreih *et al.*, 2019). Therefore, the sustainability of these businesses is crucial to the stability of local economies and community well-being. Promise-Elechi and Onuoha (2023) and Tetteh *et al.* (2022) argued that implementing succession planning is essential for family businesses to achieve sustainability. Succession planning involves the systematic and deliberate process of identifying, developing and preparing individuals within a family to take on key roles and responsibilities within the business as the older generation steps back or retires (Habash and Baidoun, 2023). According to Bowen's family systems theory (1966), family and business systems are intertwined and alterations in one system have the potential to influence the other. The interconnected nature of family and business systems implies that the dynamics within the family can strongly influence the succession planning process, thereby impacting the sustainability of family businesses (Brown, 1999).

Moreover, based on family systems theory, succession planning maintains family cohesion, balances individual needs, manages emotional dynamics, promotes open communication, facilitates smooth transitions, builds a sense of ownership and remains flexible (Valencia and Pratama, 2024). Incorporating these principles enhances the likelihood that the succession planning will positively contribute to the long-term sustainability of the family business. Surprisingly, there has been a notable gap in empirical research concerning the influence of succession planning on the sustainability of family businesses (Promise-Elechi and Onuoha, 2023). Limited studies, such as those by Promise-Elechi and Onuoha (2023) in Nigeria and Bokhari *et al.* (2020) in Pakistan, have addressed this aspect. Most of the previous research has primarily concentrated on examining the effects of succession planning on the performance of family businesses. The studies, including those by Ikechukwu and Enudu (2022) in Nigeria, Tetteh *et al.* (2022) in Ghana, Kiwia *et al.* (2020) in Tanzania, Mokhber *et al.* (2017) and Ghee *et al.* (2015) in Malaysia, Sandada and Mangwandi (2015) in Zimbabwe, Garg and Wee (2012) in South Africa and Wang *et al.* (2004) in the United Kingdom, examined the influence of succession planning on the performance of family businesses.

The distinctive nature between sustainability and performance of business in terms of temporal and holistic perspectives set them apart. Performance involves short-term metrics focusing on immediate outcomes unlike sustainability which encompasses a long-term perspective examining the business's ability to endure and thrive over an extended period (Chahal and Sharma, 2020). Likewise, performance primarily concentrates on specific, measurable aspects, such as financial gains and market competitiveness, rather than on unlikely sustainability which requires a more comprehensive approach (Strezov *et al.*, 2017). As a result, their findings might differ from the current study which focuses on sustainability.

On the other hand, for succession planning to be effective the incumbent leader must be willing to step aside when deemed necessary for a variety of reasons (Habash and Baidoun, 2023). Wang *et al.* (2019) contended that the effectiveness of succession planning is dependent upon the willingness of the incumbent leader in the family firm to assent and implement the process. As such, a voluntary step-down by the incumbent leader facilitates a smoother transition to new leadership and minimizes potential disruptions, thereby ensuring the sustainability of firms (Ritchie, 2020; Sharma *et al.*, 2003). An incumbent's willingness to step aside creates space for the successor to gradually assume responsibilities, fostering a more effective handover and, consequently, making succession planning effective in achieving the firm's sustainability (Ferrari, 2023). Thus, in this study, we argue that the effectiveness of succession planning in achieving sustainability in family businesses is contingent upon the incumbents' willingness to step aside.

Therefore, this study aims to examine the influence of succession planning on the sustainability of family businesses to contribute to the limited available knowledge. Additionally, by investigating the performance impact of succession planning, the study introduces the conceptualization of the moderating effect of an incumbent's willingness to step aside on the influence of succession planning on sustainability of family businesses, a facet not yet explored in previous studies. Through this examination, the study elucidates the process by which succession planning contributes to the sustainability of family businesses. Uncovering such a process would enable family business owners and managers to improve and enhance the effectiveness of succession planning in fostering the sustainability of family businesses.

2. Literature review and hypotheses development

2.1 The family systems theory

The family systems (FS) theory views a family as an interrelated system with its own set of dynamics, roles and processes (Prest and Protinsky, 1993). This theory is crucial for understanding how family dynamics influence the succession planning process. Family roles, relationships and communication patterns within the family system can shape the way succession planning is approached and executed (Erdem and Safi, 2018) as family members often occupy specific roles, which can extend into the business (Cooper *et al.*, 2013). For instance, there might be a founder, senior executives or individuals with specific expertise and these roles can influence leadership decisions during succession planning. In the context of this study, family dynamics and relationships reveal how different family members can contribute to succession planning, impacting its effectiveness in achieving sustainability. Succession planning ensures a seamless transition of leadership from one generation to the next, maintaining stability, preventing disruptions and allowing the business to adapt to changing circumstances, thereby contributing to its long-term sustainability (Toliver, 2017).

The FS theory is selected for this study because it provides a comprehensive framework for understanding the intricate interactions and relationships within a family business, which are pivotal in succession planning and, consequently, the sustainability of the business. The theory emphasizes the interconnectedness of family members and their roles, which can directly affect both the succession process and the long-term sustainability of the business. In addition, Picken (2017) argued that the successful transition from a founder to a successor who aligns with the founder's values contributes to the sustainability of the business. This alignment helps preserve the family's legacy and identity which are crucial for its sustainability (Kandade *et al.*, 2021). The FS theory further emphasizes the importance of communication in maintaining family cohesion (Toliver, 2017). The willingness of the incumbent to step aside often involves an understanding of the communication dynamics within the family, which is essential for effective succession planning, contributing to the achievement of sustainable family business. Based on the explanations given, this study argues that the incumbents' willingness to step aside is a crucial factor in making succession planning effective for achieving the sustainability of family businesses.

2.2 Succession planning and sustainability of a family business

Succession planning plays a vital role in ensuring the smooth transition of leadership from one generation to the next, a process that is essential for the long-term sustainability of family businesses (Siambi, 2022). The literature emphasizes that effective succession planning helps to maintain organizational stability and continuity during leadership changes, significantly minimizing potential disruptions that could undermine the business's operations (Ferreira *et al.*, 2021). This stability enables the business to continue contributing to the community while also preparing it to adapt to shifts in the broader business environment. By equipping successors with the skills needed to navigate industry trends, incorporate emerging technologies and respond to changing customer preferences, succession planning fosters adaptability, which is crucial for maintaining the business's relevance and competitiveness in a dynamic market. This adaptability aligns with a long-term sustainability strategy, focusing on resilience and growth, ensuring that the business remains viable over time (Bokhari *et al.*, 2020).

Moreover, succession planning involves more than just leadership transition, it is a systematic process of identifying and developing key family members with the potential to assume leadership roles (Bano *et al.*, 2022). This process ensures that the business has a pipeline of skilled leaders who possess the necessary expertise and vision to guide the company through future challenges (van Zyl *et al.*, 2017). In doing so, succession planning not only facilitates a smooth leadership transition but also cultivates a culture of continuous improvement and innovation, both of which are critical to the long-term sustainability of the business (Olufemi, 2021). Additionally, effective succession planning helps preserve the core organizational culture and values, which are integral to the success of family businesses (Memili *et al.*, 2018). By aligning future leadership with the founder's strategic vision and maintaining the business's foundational principles, succession planning ensures that the company continues to operate with a strong sense of purpose, thereby reinforcing its long-term sustainability. Based on that, it is worth hypothesizing that:

H1. Succession planning positively influences sustainability of a family business.

2.3 The incumbents' willingness to step aside and sustainability of a family business

An incumbent's willingness to step aside is crucial in ensuring a smooth leadership transition, as it often involves the active transfer of knowledge skills, and experience to the successor (Bano *et al.*, 2022). This mentoring process is essential in reducing the successor's learning curve and minimizing potential disruptions during the transition. By passing on valuable business insights, the incumbent helps maintain operational continuity, which is critical for the long-term sustainability of the family business promising (Clauß *et al.*, 2022). In addition, this process preserves stability by fostering a culture of knowledge sharing and skill development, which are foundational to the business's commitment to continuous improvement (Manderscheid and Harrower, 2016). Such a culture promotes fairness and inclusivity, ensuring that both the successor and employees are aligned with the firm's strategic goals, ultimately enhancing the sustainability of the family business.

Moreover, when an incumbent is willing to step aside, it reduces the risk of internal conflict, power struggles or uncertainty, which often arise when leadership transitions are resisted (Habash and Baidoun, 2023). This willingness facilitates a seamless transition that supports both stability and operational efficiency, two key factors in ensuring long-term sustainability. A proactive incumbent is also more likely to engage in early succession planning, actively identifying and grooming potential successors (Rodriguez Sema *et al.*, 2022). Preparing future leaders well in advance enables the family business to be better positioned for future leadership changes, ensuring that successors have the necessary skills and vision to lead effectively. This forward-thinking approach strengthens the continuity and resilience of the business, further contributing to its overall sustainability. Based on the explanations given, it is worth hypothesizing that:

H2. The incumbents' willingness to step aside positively influences sustainability of family business.

2.4 *The moderating effect of incumbents' willingness to step aside*

The willingness of an incumbent to step aside is a crucial component of effective succession planning (Sharma *et al.*, 2003). When an incumbent is both willing and cooperative, they play a significant role in facilitating a smooth leadership transition. This cooperation helps reduce family conflicts and ensures business continuity during the transition period (Manderscheid and Harrower, 2016). A willing incumbent actively contributes to the successful transfer of knowledge and responsibilities to the incoming leader. This preparedness not only equips the new leader with a comprehensive understanding of the business's complexities and challenges but also supports the family's commitment to continuous improvement and fairness toward employees, thereby enhancing the sustainability of the family business (Ferrari, 2023). In addition, an incumbent's willingness to step aside reflects a dedication to family harmony and prioritizes the business's success over personal interests (Ferreira *et al.*, 2021). This commitment fosters a supportive family environment, which is essential for the long-term success and sustainability of the family business. A harmonious family dynamic also strengthens the business's engagement with the community, reinforcing its overall stability and resilience (Dutot *et al.*, 2022).

Moreover, the incumbent's willingness to step aside is pivotal in enabling the business to concentrate on developing the next generation of leaders (Bozer *et al.*, 2017). This development process typically involves mentoring, training, and creating opportunities for family members to gain the necessary leadership skills and experience. Through effective mentoring, the outgoing leader ensures that critical institutional knowledge is transferred to the successor (Bano *et al.*, 2022). Retaining this knowledge is vital for the sustainability of the family business, as it helps maintain the strategic vision, plans and operational practices essential for ongoing success. Considering this, the current study posits that an incumbents' willingness to step aside significantly influences the effectiveness of succession planning in ensuring the sustainability of family businesses. When incumbents are willing to relinquish control and actively support the transition, succession planning is more likely to positively influence a family business's sustainability. Therefore, the study hypothesizes that a higher level of willingness from the incumbent to step aside strengthens the positive effects of succession planning on the sustainability of the family business. Thus, the study hypothesizes that:

H3. The incumbents' willingness to step aside significantly moderates the relationship between succession planning and sustainability of a family business.

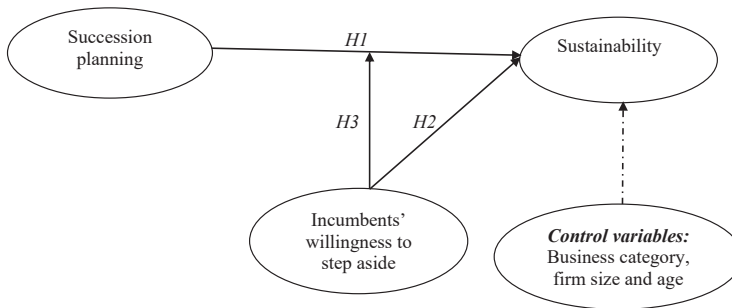
2.5 *The conceptual framework*

The conceptual model of this study is shown in Figure 1 and was developed based on an extensive review of the literature. The model suggests that both succession planning and the incumbents' willingness to step aside lead to improved sustainability of the family business. Additionally, it theorizes that incumbents' willingness to step aside moderates the relationship between succession planning and family business sustainability. Furthermore, the model includes three control variables that prior research found to influence family business sustainability: business category, firm age and firm size (Ahmad *et al.*, 2021; Kiwia *et al.*, 2020; López-Pérez *et al.*, 2018).

3. Methodology

3.1 *Research approach and design*

The study employed a quantitative approach to examine the effect of succession planning on the sustainability of family businesses and the moderating effect of the incumbents'



Source(s): Figure by authors

Figure 1. The conceptual framework

willingness to step aside on this relationship. This research utilized a cross-sectional research design, gathering data at a single point in time. The justification for selecting this design stems from the study's objective to capture information about a phenomenon in its present condition, rather than tracking changes over time (Singh, 2006). Additionally, the cross-sectional design offers the advantage of swiftly collecting data and is also more cost-effective.

3.2 Study location and sampling design

This study was conducted in Dar es Salaam, motivated by its recognition as the major commercial and most economically active city in Tanzania (Nyello and Kalufya, 2021). Dar es Salaam is home to a substantial number of family businesses, estimated to comprise more than 50% of all family businesses in the country (Magasi et al., 2021). Since there is no official database of family businesses in Tanzania, the study employed convenience and snowball sampling techniques, similar to those used in previous studies on family businesses, such as Ahmad et al. (2021), Kiwia et al. (2020), Mokhber et al. (2017) and Sharma et al. (2003). Convenience sampling enables the collection of data from potential respondents willing and readily available to participate in the study (Leiner, 2014). After obtaining initial respondents conveniently, the snowball sampling technique was employed to expand the sample size. This means that after initial respondents completed their participation, they were asked to recommend other potential participants who were successors of family businesses in Dar es Salaam. They were requested to provide contact information for these individuals or to directly introduce them to the researchers. By doing so, the study was able to identify and reach additional participants who might not have been accessible through convenience sampling alone. The major criterion for the unit of analysis is a family business located in Dar es Salaam that has undergone leadership changes for at least the past three years, similar to previous studies in succession planning conducted by Kiwia et al. (2020) and Mokhber et al. (2017). Finally, a total of 218 respondents who met the criteria were identified.

3.3 Data collection and analysis

Data were collected from 190 successors of family businesses in Dar es Salaam through a face-to-face survey conducted from April to August 2023. Out of 218 distributed questionnaires, 200 were returned. Following the elimination of questionnaires with response errors, missing values and outlier cases, 190 questionnaires were deemed clean responses and were considered for analysis, resulting in a 87.16% effective response rate. The data collection tool utilized was a structured questionnaire, selected for its efficiency in quickly covering extensive areas within a short timeframe, while minimizing potential bias between the researcher and the respondent (Saunders et al., 2019). Before distributing the questionnaire to potential

respondents, a pre-testing phase was conducted with 20 successors of family businesses. Subsequently, adjustments were made based on their feedback to improve the clarity and comprehensibility of the content and design for the respondents. The collected data was analyzed using confirmatory factor analysis (CFA) and the Hayes' PROCESS macro.

3.4 Measurement of the study's variables

The measurement scales for succession planning, sustainability and the incumbent's willingness to step aside were adapted from existing literature, validated and utilized in previous studies. Specifically, the succession planning scale in this study was adapted from [Sharma et al. \(2000\)](#) and [Lansberg and Astrachan \(1994\)](#). It is a comprehensive scale, covering the succession planning process, including successor selection, training, communication of the decision, definition of the incumbent's role after succession and development of post-succession business strategy. A total of 12 items were used to measure succession planning comprehensively and the scale items for measuring the incumbents' willingness to step aside were adapted from [Sharma et al. \(2000\)](#) with four items used to measure the incumbents' willingness to step aside.

The scale items for measuring family business sustainability was adapted from the studies by [Ismail \(2023\)](#) and [Imran et al. \(2019\)](#) and consists of five items and measures sustainability as an unidimensional construct. However, sustainability is a multidimensional concept often explained using a triple bottom line framework encompassing social, economic and environmental dimensions. Studies by [Ismail \(2023\)](#), [Imran et al. \(2019\)](#) and [Karkoulian et al. \(2016\)](#), which treated business sustainability as a unidimensional construct, have suggested that it can effectively be measured through an overarching focus on sustainability practices and principles. Therefore, this study adapted five items to measure family business sustainability, treating it as a unidimensional construct. All measurement scales of variables in this study consist of items measured on a five-point Likert scale with responses ranging from "strongly agree" (5) to "strongly disagree" (1).

The study also included three control variables that had been found to affect sustainability of family business in previous studies: business category, age of the firm and size of the firm ([Ahmad et al., 2021](#); [Kiwia et al., 2020](#); [López-Pérez et al., 2018](#)). Business category was measured as a continuous variable, categorized into 1 = trade, 2 = manufacturing and 3 = service, similar to previous studies by [Kiwia et al. \(2020\)](#) and [Mokhber et al. \(2017\)](#). Age of the firm was operationalized as the number of years during which a firm existed ([Ringo et al., 2023](#)). Size of the firm was measured as the total number of full-time employees hired by a family business ([Fang et al., 2016](#)).

3.5 Common method bias

The possibility of a common method bias was considered, given that the data were collected from a single individual representing family business firms, using the same response format (i.e. Likert scales) for all variables of this study and in a single survey. Consequently, Harman's single-factor test was conducted to determine whether the collected data exhibited common method bias. The test results indicate that 38.66% of the variance was explained by a single factor in the model. Therefore, the test confirms that common method bias was not a significant concern in this study, as the variance value was below 50% ([Podsakoff et al., 2003](#)).

4. Results and discussion

4.1 Characteristics of firms and respondents

In this study, 53.7% of the family businesses came from the trade, 33.7% from the service and 12.6% from the manufacturing sector as indicated in [Table 1](#). A total of 23.7% of the businesses have been in existence for between five to 10 years, 46.8% for 11–20 years and 29.5% for more than 20 years. The age distribution of businesses indicates that family

Table 1. Characteristics of firms and respondents

Variables	Frequency	Per cent
<i>Business category</i>		
Trade	102	53.7
Manufacturing	24	12.6
Service	64	33.7
Total	190	100
<i>Age of the firm (years)</i>		
5–10	45	23.7
11–20	89	46.8
More than 20	56	29.5
Total	190	100
<i>Size of the firm</i>		
Micro	70	36.8
Small	97	51.1
Medium	23	12.1
Total	190	100
<i>Gender of the respondents</i>		
Male	130	68.4
Female	60	31.6
Total	190	100
<i>Age of respondents (years)</i>		
18–29	26	13.7
30–45	120	63.2
More than 45	44	23.1
Total	190	100
<i>Education level of respondents</i>		
Primary education	8	4.2
Secondary education	60	31.6
Technical education	35	18.4
University education	87	45.8
Total	190	100

Source(s): Survey data (2023)

businesses that have undergone leadership transitions through succession planning demonstrate sustainability. Moreover, 36.8% of the firms are micro enterprises, 51.1% are small enterprises and 12.1% are medium-sized enterprises, indicating that 87.9% of family firms are micro and small. Regarding the sex of successors, 31.6% are female and 68.4% are male. Table 1 indicates that 45.8% have university education, 18.4% have technical education, 31.6% have secondary education and only 4.2% have primary education. Concerning the age distribution of successors, Table 1 shows that 63.2% are aged between 30 and 45 years old, 23.1% are over 45 years old and 13.7% are between 18 and 29 years old.

4.2 Results of the measurement model

Internal consistency of the data was assessed using Cronbach's alpha (α) and composite reliability (CR). As indicated in Table 2, each variable demonstrated Cronbach's alpha coefficients exceeding 0.7, signifying the achievement of internal consistency reliability (Cronbach and Shavelson, 2004). Additionally, the items demonstrate sufficient reliability, given that each item has a factor loading surpassing the acceptable threshold of 0.5, as presented in Table 2. The results in Table 2 reveal that the average variance extracted (AVE)

Table 2. The results of the measurement model

Variable and items	Code	Loadings	α	CR	AVE
<i>Succession planning (SP)</i>			0.962	0.963	0.688
List of potential successors was developed	SP 1	0.73			
Explicit succession criteria was developed	SP 2	0.72			
Efforts to train potential successors	SP 3	0.90			
Familiarize the potential successors with the business	SP 4	0.85			
Familiarize the potential successors with the employees	SP 5	0.71			
Decision was clearly communicated to family members	SP 6	0.94			
Decision was clearly communicated to key employees	SP 7	0.84			
Understanding of what the business strategy would be	SP 8	0.92			
Plan for the business after the transfer of leadership	SP 9	0.91			
Plan for the roles of the outgoing incumbent	SP 10	0.86			
Understanding roles of the outgoing incumbent	SP 11	0.68			
Financial package for the outgoing incumbent's retirement	SP 12	0.84			
<i>Incumbent willingness to step aside (IW)</i>			0.889	0.890	0.669
Willingly let go of the leadership	IW 1	0.78			
Believes stepping aside would benefit the firm	IW 2	0.84			
Prepared to relinquish leadership role	IW 3	0.82			
Willingly to step back for new ideas	IW 4	0.83			
<i>Sustainability (SUS)</i>			0.911	0.906	0.661
Contributes to community improvement beyond business	SUS 1	0.88			
Sustainability is important to my firm	SUS 2	0.86			
My firm has a sustainability plan	SUS 3	0.88			
Having sustainable manager/successor is important	SUS 4	0.77			
My firm treats employees fairly	SUS 5	0.64			

Note(s): α - Cronbach's alpha; CR- Composite Reliability; AVE- Average Variance Extracted
 Model fit indices: $\chi^2/df = 1.854$; GFI = 0.934; NFI = 0.921; TLI = 0.953; IFI = 0.960; CFI = 0.960;
 RMSEA = 0.057; SRMR = 0.049
Source(s): Survey data (2023)

values for all the variables are greater than the suggested threshold of 0.5, which indicates that convergent validity was achieved (Hair et al., 2010). Likewise, discriminant validity was measured by examining the square root of AVE for each variable and comparing them with the inter-variable correlations. The square root of AVE for each of the study's variable was greater than the values of inter-variable correlations, as indicated in Table 3, confirming the presence of discriminant validity (Fornell and Larcker, 1981). Likewise, as indicated in Tables 2 and 3, the AVE values for all variables were greater than the maximum shared variance (MSV) and average shared variance (ASV), indicating that discriminant validity is achieved (Hair et al., 2010).

Furthermore, model fit indices were examined to assess the suitability of the model for the collected data. The results indicate that the model fits well, as evidenced by the chi-square to

Table 3. Discriminant validity results

Variable	MSV	ASV	SP	IW	SUS
SP	0.24	0.22	<i>0.83</i>		
IW	0.20	0.19	0.45	<i>0.82</i>	
SUS	0.24	0.21	0.49	0.43	<i>0.81</i>

Note(s): The square roots of AVE are indicated in diagonals (italicized), with construct inter-correlations in lower half of the table. All construct inter-correlations are less than the corresponding square root of AVEs
Source(s): Survey data (2023)

degrees of freedom ratio (χ^2/df) of 1.854. The chi-square value (χ^2) was 339.232 with 183 degrees of freedom (df), which is below the acceptable threshold of 3.000 (Hooper *et al.*, 2008; Hu and Bentler, 1999). The other fit indices of the measurement model examined in this study are goodness of fit index (GFI) = 0.934, comparative fit index (CFI) = 0.960, incremental fit index (IFI) = 0.960, normed fit index (NFI) = 0.921, Tucker Lewis index (TLI) = 0.953, standardized root mean square residual (SRMR) = 0.049 and the root mean square error of approximation (RMSEA) = 0.057. All of the fit indices are within the acceptable range, suggesting that the model accurately fits the data (Hu and Bentler, 1999).

4.3 Results of hypotheses testing

In this study, the three hypotheses were tested using Hayes' PROCESS macro. The results in Table 4 depict the influence of both succession planning and the incumbents' willingness to step aside on the sustainability of family businesses. Additionally, Table 4 illustrates the moderating effect of the incumbents' willingness to step aside on the relationship between succession planning and sustainability of family businesses. The model R-squared was found to be 0.41, suggesting that 41% of the variation in sustainability is explained by succession planning and the incumbents' willingness to step aside. Additionally, the model was significant with a *p*-value less than 0.01 and an F-value of 40.51. Moreover, the results in Table 4 show the effects of the control variables where two of the three control variables have a significant effect in the model. The age of the firm is significant ($\beta = 0.13, p < 0.01$), and the size of the firm is also significant ($\beta = 0.12, p < 0.01$). However, the business category is not significant ($\beta = 0.06, n.s.$).

In H1, it was hypothesized that succession planning positively influences the sustainability of a family business. The results in Table 4 indicate that succession planning positively influences the sustainability of a family business ($\beta = 0.46, p < 0.01$). The finding suggests that effective succession planning leads to higher sustainability of family businesses, thus H1 is supported by the data collected. In H2 it was hypothesized that the incumbents' willingness to step aside positively influences the sustainability of a family business. The results in Table 4 indicate that the incumbents' willingness to step aside positively influences the sustainability of a family business ($\beta = 0.31, p < 0.01$), thus, H2 is supported by the data collected. In H3, the study hypothesized that the incumbents' willingness to step aside significantly moderates the relationship between succession planning and sustainability of family business. Based on the

Table 4. Regression results

Variables	Coeff	Se	<i>t</i>	<i>p</i>	LLCI	ULCI
SP	0.46	0.06	7.40	0.00	0.34	0.59
IW	0.31	0.06	5.48	0.00	0.19	0.42
SP*IW	0.22	0.07	3.31	0.00	0.09	0.36
BC	0.06	0.04	1.79	0.07	-0.01	0.13
AF	0.13	0.05	2.89	0.00	0.04	0.22
SF	0.12	0.04	3.12	0.00	0.05	0.19
R ²	0.41					
F(sig.)	40.51			0.00		
R ² change	0.03			0.00		
F(sig.) change	10.97			0.00		
Low IW (-0.88)	0.30	0.07	4.23	0.00	0.16	0.44
Mean IW (0.00)	0.46	0.06	7.40	0.00	0.34	0.59
High IW (+0.88)	0.63	0.09	7.10	0.00	0.45	0.80

Note(s): BC – Business category; AF – Age of the firm; SF –Size of the firm

Source (s): Survey data (2023)

results in [Table 4](#), the interaction term (SP*IW) is positive and significant, with a beta (β) value of 0.22 and a p -value of less than 0.01. Thus, [H3](#) is supported by data collected.

4.4 Discussion of the results

Based on the empirical findings of this study, all hypotheses were supported by the data collected. In [H1](#), it was found that succession planning positively influences sustainability of family business. The obtained beta value ($\beta = 0.46$), indicating the strength of the relationship, suggesting that an increase in succession planning by one unit results in a corresponding increase in the sustainability of a family business by 0.46. This similar to the argument made by [Bozer et al. \(2017\)](#) that a family business that strategically plans for succession, ensuring a smooth transition of leadership or management, and is likely to experience increased sustainability. Moreover, the confidence intervals obtained are 0.34 for the lower level and 0.59 for the upper level as indicated in [Table 4](#). The absence of zero within the confidence intervals indicates that the influence of succession planning on sustainability is statistically significant at the 95% confidence level. This suggests that it is highly unlikely that the effect is due to chance; instead, there is a significant influence. The findings of this study support the family systems theory, indicating that succession planning ensures sustainability of businesses. Likewise, the finding is consistent with a study by [Bokhari et al. \(2020\)](#) in Pakistan, which found that succession planning positively influences the sustainability of family-owned SMEs. However, in their study, succession planning was measured as a multidimensional construct and was assessed through cognitive, structural and relational ties, unlike the present study, which measures succession planning as a unidimensional construct. Moreover, the finding is consistent with [Olufemi's \(2021\)](#) study which found that succession planning determines the sustainability of family businesses in Nigeria. However, while that study employed a qualitative multiple case study method, the present study used a quantitative approach to test the cause-effect relationship.

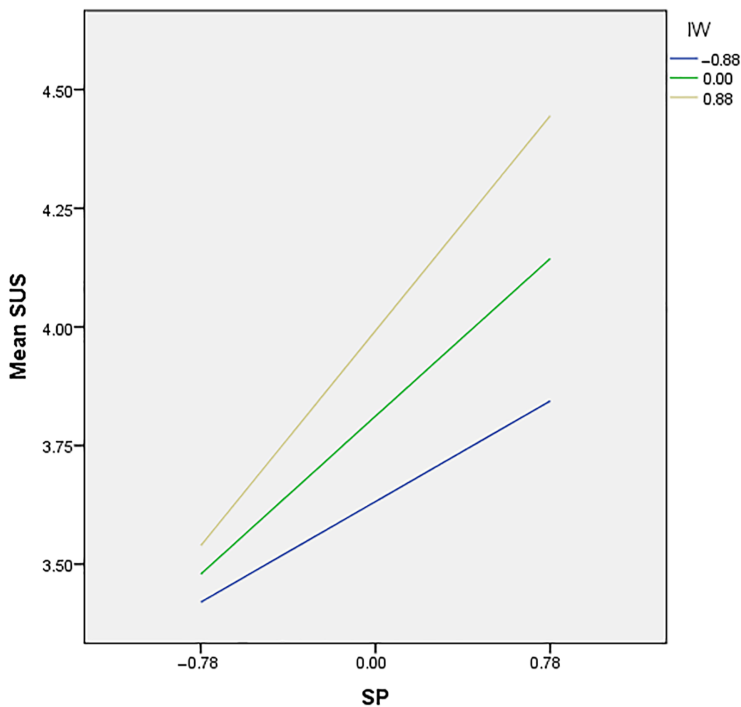
In [H2](#), it was found that the incumbents' willingness to step aside positively influences the sustainability of the family business. The obtained beta value ($\beta = 0.31$) indicates the strength of the relationship, suggesting that an increase in the incumbent's willingness to step aside by one unit results in a corresponding increase in the sustainability of the family business by 0.31. The confidence intervals obtained are 0.19 for the lower level and 0.42 for the upper level, as indicated in [Table 4](#). The absence of zero within the confidence intervals indicates that the influence of the incumbents' willingness to step aside on sustainability is statistically significant at the 95% confidence level, hence there is no zero chance of a relationship. The results support the finding by [Habash and Baidoun \(2023\)](#), who revealed that the incumbents' willingness to step aside helps ensure a smooth leadership transition, maintain stability and operational continuity, and ultimately leads to the sustainability of the business.

In [H3](#), it was found that the incumbents' willingness to step aside significantly moderates the relationship between succession planning and sustainability. The R-squared of the model was significantly improved by 3.0%, indicating that the interaction effect between succession planning and the incumbents' willingness to step aside contributes significantly to the 3.0% change in the variance of family business sustainability. The p -value of less than 0.01 indicates a significant moderating effect. In addition, the confidence intervals obtained are 0.09 for the lower level and 0.36 for the upper level, as indicated in [Table 4](#). The absence of zero within the confidence interval indicates that the incumbents' willingness to step aside is a significant moderator of the influence of succession planning on sustainability. The finding implies that when the incumbent is willing to step aside, the influence of succession planning on sustainability is stronger than when the incumbent is not willing to step aside. This means that the influence of succession planning on the sustainability of a family business varies across different levels of the incumbent's willingness to step aside.

Specifically, the findings as presented in [Table 4](#) indicate that for family businesses with a low level of incumbents' willingness to step aside (-0.88), the beta value (β) indicating the

strength of the relationship was 0.230. At a zero level of the incumbent's willingness to step aside (0.00), the beta coefficient is 0.46. In addition, the beta coefficient increases further to 0.63 at higher levels of the incumbent's willingness to step aside (+0.88). The findings suggest that the relationship between succession planning and the sustainability of family businesses is contingent on the level of incumbents' willingness to step aside. Thus, to harness the potential benefits of succession planning resulting in sustainability, the willingness of the incumbent to step aside is crucial. Their openness to the succession process ensures effective knowledge transfer, preparing the incoming leader with a thorough understanding of the responsibilities and challenges, thereby ensuring the sustainability of the family business (Siambi, 2022).

The moderating effect of incumbents' willingness to step aside on the relationship between succession planning and sustainability, indicating that the influence of succession planning on sustainability significantly increases with higher levels of the incumbents' willingness to step aside. As depicted in Figure 2, the positive influence of succession planning on sustainability is considerably strengthened by the incumbents' willingness to step aside. Therefore, family businesses with the incumbents demonstrating high levels of willingness to step aside are more likely to enhance their sustainability through succession planning. This suggests that the effect of succession planning on sustainability is robust for family businesses with the incumbents who are more willing to step aside. Hence, for family businesses aiming to amplify the influence of succession planning on sustainability, the high propensity of the incumbent to step aside is crucial.



Source(s): Survey data (2023)

Figure 2. Slope plotting for the interaction effect ($SP \times IW$)

5. Conclusion, implications and future research

5.1 Conclusion

The overall objective of this study was to examine the influence of succession planning and incumbents' willingness to step aside on the sustainability of family businesses, as well as the moderating effect of incumbents' willingness to step aside on the relationship between succession planning and sustainability. To achieve this objective, the study employed the family systems theory to develop a conceptual model, which was empirically tested in the context of family businesses in Tanzania. The motivation to undertake this research was driven by the limited empirical evidence on the influence of succession planning on the sustainability of family businesses, as most previous studies focused on performance. The study's findings reveal that both succession planning and the incumbents' willingness to step aside significantly contribute to the sustainability of family businesses. Furthermore, it was found that the incumbents' willingness to step aside significantly moderates the relationship between succession planning and sustainability, and this effect varies across different levels of the incumbents' willingness to step aside. In essence, a higher level of incumbents' willingness to step aside enhances the effect of succession planning on sustainability.

5.2 Theoretical implications

This study explores the influence of succession planning on the sustainability of family businesses, along with the moderating role of the incumbents' willingness to step aside. By focusing on sustainability, this research addresses the gap in the existing literature, where most prior studies have centered on performance outcomes. Thus, the study offers important empirical insights for the fields of management, family business management and sustainability. Additionally, the study expands current thinking by recognizing the incumbents' willingness to step aside as a previously underexplored factor in the relationship between succession planning and sustainability. The findings reveal that the effect of succession planning on sustainability is stronger when the incumbent is more willing to step aside. This study, therefore, contributes to the literature by highlighting the moderating effect of incumbents' willingness. Moreover, this study contributes to the development of family systems theory by demonstrating that succession planning and the incumbents' willingness to step aside are critical resources for sustaining family businesses. Specifically, the findings expand the theory by introducing the incumbent's willingness to step aside as a key moderating factor in leadership transitions, which had not been previously explored. This adds a new dimension to the theory by showing how relational dynamics within the family system, particularly the incumbents' attitude, can strengthen or weaken the effect of succession planning on business sustainability. In doing so, the study fills a gap in the literature and enhances our understanding of how family businesses can better manage leadership transitions to ensure their sustainability.

5.3 Practical implications

The study has several managerial implications. Firstly, it affirms that succession planning enhances the sustainability of family businesses. Managers and owners should actively invest in comprehensive succession planning strategies to identify and prepare suitable successors within the family. This includes implementing a systematic process for identifying and evaluating family members with leadership potential and establishing formal leadership development programs. Additionally, the study confirms that the incumbents' willingness to step aside positively affects the sustainability of family businesses. Thus, family businesses should implement policies and practices that support and facilitate the incumbents' transition process. This might involve offering counseling or mentorship programs to help incumbents understand and embrace the benefits of transitioning leadership roles for the long-term success of the business. Moreover, the study recognizes the importance of the incumbents' willingness to step aside as crucial in

enhancing the effectiveness of succession planning on sustainability. This emphasizes the need for open communication and discussions about future leadership transitions. Managers and business owners should proactively assess the willingness of current leaders to step aside, fostering an environment that supports open communication about leadership transitions. They should also create a culture that values open dialog about succession and provide incentives and support for incumbents to step aside when appropriate. Furthermore, the incumbents should understand that their attitude toward stepping aside can either facilitate or impede the effectiveness of the succession planning process in ensuring the sustainability of the business. Therefore, they are encouraged to be open to transition and foster an environment conducive to grooming and developing potential successors.

5.4 Limitations and areas for future research

This study focused specifically on family businesses in Tanzania, which raises concerns about the applicability of its findings to family businesses in other countries. Differences in culture, which can affect business practices, family dynamics and decision-making processes, significantly influence the succession planning process across nations. Similarly, disparities in workforce education, skill levels and the availability of skilled labor contribute to variations in management practices and strategies adopted by family businesses globally. To address this limitation, future research should either replicate the conceptual model in diverse countries or undertake a multi-country analysis involving family business firms from various nations. Such approaches would not only enrich existing knowledge but also enhance the generalizability of the results.

Additionally, this study employed a cross-sectional design, limiting its ability to capture changes in succession planning, the incumbents' willingness to step aside and sustainability over time. Future studies could employ longitudinal designs to examine how these variables evolve over time, potentially yielding different conclusions. Moreover, the study used unidimensional measures of sustainability. Future research could incorporate multidimensional measures to complement these findings. Sustainability, encompassing economic, social and environmental dimensions, is a multifaceted concept that may be oversimplified by unidimensional measures offering a limited perspective. Furthermore, future studies may consider other potential moderating variables, such as the quality of the incumbent-successor relationship, successor characteristics and the presence of a competent successor, to gain more empirical insights and expand current knowledge.

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