

Willingness to Inherit Thai SME Family Business of Generation Z:

Factors Influencing the Transgenerational Intent

ความเต็มใจในการสืบทอดธุรกิจครอบครัวของทายาทรุ่นเจเนซี (Gen Z):

ปัจจัยที่ส่งผลต่อความตั้งใจในการรับช่วงธุรกิจจากรุ่นสู่รุ่น

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**Abstract**

This study investigated factors shaping Generation Z (Gen Z) heirs' attitudes toward inheriting family businesses (FBs), with an emphasis on the drivers, barriers, and dynamics influencing succession

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decisions. The samples 149 FBs with multi-generation management and Gen Z successors were selected from 450 Bangkok University School of Entrepreneurship and Management (BUSEM) students (class of 2023) with FB background and volunteered to participate in the study. The data were collected through one-on-one interview covering 2 aspects: 1) the FB information and business situation and 2) the Gen Z successors' intention to inherit the business, entrepreneurial orientation (EO), and their perspective toward the business situation and management. The former was obtained from interviewing the current management of the FBs and the latter was obtained from interviewing the prospective Gen Z heirs. Two important factors influencing the Gen Z heirs' intention to inherit their FBs were 1) Generation gap between heirs and current managements and 2) Clear communication about succession plan. This study found significant associations between a number of Gen Z heirs who were willing to inherit their FBs. Gen Z heirs were more likely to inherit FBs managed by parents, particularly mothers, than those managed by siblings or older generations. Moreover, the Three-circle model (Business, Family and Ownership) was applied, revealing the significant influence of family ties and ownership communication on transgenerational intent (TI), while business characteristics like industry and life-cycle stage had little impact. Notably, marketing crises did not deter Gen Z heirs from succession, but human resource and cultural crises did, marking a new finding in Thai SME FB studies.

**Keywords:** *Family Business, Transgeneration, Thailand, Small and Medium Enterprises, Generation Z*

### **บทคัดย่อ**

งานวิจัยนี้มีวัตถุประสงค์เพื่อตรวจสอบปัจจัยที่ส่งผลต่อทัศนคติของทายาทรุ่นเจเนซีต่อการสืบทอดธุรกิจครอบครัว โดยเน้นไปที่ปัจจัยในการขับเคลื่อน อุปสรรค และพลวัตที่มีอิทธิพลต่อการตัดสินใจสืบทอดธุรกิจ ตัวอย่างธุรกิจครอบครัวจำนวน 149 ตัวอย่างที่เข้าร่วมในการศึกษานี้เป็นธุรกิจครอบครัวที่มีการบริหารธุรกิจด้วยสมาชิกครอบครัวหลายรุ่นและมีสมาชิกรุ่นเจเนซีที่ถูกคาดหวังให้เป็นผู้สืบทอดธุรกิจ โดยกลุ่มธุรกิจครอบครัวนี้ผ่านการคัดเลือกจากกลุ่มนักศึกษาคณะกรรมการสร้างเจ้าของธุรกิจและการบริหารกิจการ มหาวิทยาลัยกรุงเทพ จำนวน 450 คน ที่ศึกษาอยู่ในปีการศึกษา 2566 ที่มีพื้นฐานมาจากธุรกิจครอบครัว และอาสาเข้าร่วมในการวิจัยครั้งนี้ ข้อมูลของงานวิจัยถูกเก็บผ่านการสัมภาษณ์แบบตัวต่อตัวซึ่งครอบคลุม 2 มิติ ได้แก่ 1) ข้อมูลธุรกิจครอบครัวและสถานการณ์ทางธุรกิจ และ 2) ความตั้งใจที่จะสืบทอดธุรกิจของทายาทรุ่นเจเนซี คุณลักษณะของการเป็นผู้ประกอบการ และมุมมองที่มีต่อสถานการณ์และการบริหาร

ทางธุรกิจ พบว่า มีปัจจัยสำคัญสองอย่างที่มีอิทธิพลต่อความตั้งใจที่จะสืบทอดธุรกิจครอบครัวของทายาทรุ่นเจเนซี คือ 1) ช่องว่างระหว่างวัยของทายาทรุ่นเจเนซีกับผู้บริหารธุรกิจครอบครัว และ 2) การสื่อสารที่ชัดเจนเกี่ยวกับแผนการสืบทอดธุรกิจ การศึกษานี้ พบความสัมพันธ์ที่มีนัยสำคัญระหว่างทายาทรุ่นเจเนซีที่ยินดีรับมรดกธุรกิจครอบครัวกับช่องว่างระหว่างวัยของฝ่ายบริหารธุรกิจครอบครัว โดยธุรกิจครอบครัวที่บริหารโดยบิดาหรือมารดา โดยเฉพาะมารดาของทายาทรุ่นเจเนซี มากกว่าธุรกิจครอบครัวที่บริหารโดยผู้บริหารที่มีช่องว่างระหว่างวัยแบบอื่นอย่างมีนัยสำคัญ นอกจากนี้ได้มีการประยุกต์ใช้โมเดลวงกลมทั้ง 3 (ธุรกิจ ครอบครัว และความเป็นเจ้าของ) พบว่า ความสัมพันธ์ในครอบครัว และการสื่อสารเกี่ยวกับความเป็นเจ้าของมีอิทธิพลอย่างมีนัยสำคัญต่อความตั้งใจสืบทอดธุรกิจระหว่างรุ่นสู่รุ่น ในขณะที่ลักษณะของธุรกิจ อาทิ ประเภทอุตสาหกรรมและช่วงอายุของอุตสาหกรรมไม่มีผลกระทบมากนัก เป็นที่สังเกตว่าปัญหาทางด้านการตลาดไม่ส่งผลให้ทายาทรุ่นเจเนซีละทิ้งการสืบทอดธุรกิจ แต่ปัญหาด้านทรัพยากรมนุษย์หรือวัฒนธรรมองค์กรเป็นสิ่งที่ทำให้ทายาทรุ่นเจเนซีไม่ต้องการสืบทอดธุรกิจ ซึ่งผลเหล่านี้เป็นการค้นพบใหม่ในการศึกษาธุรกิจครอบครัวที่เป็นวิสาหกิจขนาดกลางและขนาดย่อมของประเทศไทย

**คำสำคัญ:** ธุรกิจครอบครัว การเปลี่ยนผ่านธุรกิจจากรุ่นสู่รุ่น ประเทศไทย วิสาหกิจขนาดกลางและขนาดย่อม ประชากรเจเนซี

### 1. Introduction

The Thai economy has been driven by small and medium sized enterprises (SMEs) and family businesses (FBs) (valued at 39.04 trillion Baht per annum and about 72.00% of the total economy) (Kanokkanjanarat, 2015) and starting new FB SMEs was supported by Thai governments (Wasi, Sa-ngimnet, & Monchaitrakul, 2019). Recent family business research has focused on transgenerational intention (TI) — the plan to pass management of the business to the future generations—as a defining characteristic of family firms. Intergenerational wealth transfer has garnered significant attention, particularly concerning the motivations and preferences of Generation Z (Gen Z) heirs regarding inheriting the FB. As the first digitally native generation, Gen Z individuals, born roughly between the mid- 1990s and early 2010s, are poised to inherit substantial wealth and responsibility in the coming years. Understanding the factors influencing their desire to take over the FB was crucial for succession planning and the sustainability of family enterprises (Djafarova & Bowes, 2021).

Many studies report the drives behind the TI among previous generations (Gen Y, Gen X and Boomers) (Matthews, Moore, & Fialko, 1999; Naveen, 2006). Barnes and Hershon (1994) proposed that the transition was about handing over control and maintaining the appearance of coexistence between different generations within the leadership structure. Several studies also found that the Gen Y and late Gen X successors anxiously waited and were ready for their opportunities to carry on the legacy (Barnes & Hershon, 1994; Matthews et al., 1999; Naveen, 2006). Additionally, socioeconomic and cultural shifts characterized the context within which the late Gen X and Gen Y heirs approached succession planning; however, a clear succession planning increases the probability of internal and voluntary succession (Naveen, 2006). Matthews et al. (1999) reported the influences of rapid technological advancements, globalization, evolving consumer preferences, and changing workplace dynamics reshaped traditional notions of entrepreneurship and career trajectories. Consequently, the young generations (late Gen X and Gen Y) acknowledged their FB's growth opportunities, got to a position where they could evolve their characters and prepared for future work.

Unlike their previous generation heirs, Gen Z heirs might not automatically gravitate towards inheriting the FBs because of many reasons such as perceived lack of autonomy, divergent career aspirations, lack of structure with an explicit timeline in the succession plan and differing values compared to previous generations. Moreover, Gen Z exhibited distinct traits and values compared to previous generations, including a heightened emphasis on purpose-driven work, sustainability, diversity, and work-life balance (Ferrari, 2023a, 2023b; Ghee, Ibrahim, & Abdul-Halim, 2015). Therefore, gaining insights into Gen Z heirs' attitudes towards entrepreneurship, leadership, and legacy could help one plan strategies to foster intergenerational continuity, innovation, and sustainability within family enterprises.

## **2. Objective**

This research aimed to investigate factors that shaped Gen-Z heirs' attitudes towards inheriting the FB to provide a comprehensive understanding of the underlying drivers, barriers, and dynamics influencing succession decisions among Gen-Z heirs. The Three-Circle Model of the Family Business System (Tagiuri & Davis, 1996) was essential for this study as it captured the interplay between business

operations, family dynamics, and ownership communication. This study hypothesized that Thai TI also followed the model and the current family business leader play significant roles in the three circles (business, the ownership and the family). Specifically, we hypothesized that business characteristics (age and size), the owners (gender and minority status), and the family engagement in the firm (time-to-succession and influence on the CEO) influence the current leader's TI. The findings could inform practitioners, policymakers, and academics about effective strategies for facilitating smooth generational transitions and ensuring the long-term viability of family businesses in the 21<sup>st</sup> century.

### **3. Literature Review**

#### **3.1 Family business**

Family business (FB), one of the oldest business organizations, differed from other business organizations as it was the combination between “to work and to love”. The Three-Circle Model of the Family Business System proposed that a family business comprised the overlapped linkages between business, ownership, and family and it resulted in 7 types of FB structures: 1) Non-family non-manager owners, 2) Family owners, 3) Family owner-employees, 4) Non-family owners employees, 5) Family members, 6) Family Employees and 7) Non-family employees (Gersick, Davis, Hampton, & Lansberg, 1997). Additionally, Cruz, Hamilton, and Jack (2012) used the distribution of authority, decision-making, and influence among family members and non-family employees as criteria in classifying FBs into three types: 1) first-generation or founder firms, 2) sibling ownership or partnership and 3) family dynasty or cousin consortium.

#### **3.2 Type of family business**

Németh and Németh (2017) classified FBs based on their power structure into 4 types: 1) Autocracy (owner retains personal control with high centralization of authority), 2) Domestic configuration (family owns and manages without external non-family members influence), 3) Clench hybrid (close family firm begins to include non-family members to the management team) and 4) Administrative hybrid (family members and professional are co-dependent to manage the business); and, furthermore, Dekker and others (2010) classified FBs according the level of professionalization (cited

in Dekker, Lybaert, Steijvers, Depaire, & Mercken, 2013). Passing the FB's wealth on their legacies and expanding their business through generations were desired by any FB founders; however, many FB transition have failed. There were five steps for leading sustainable FB: 1) maintain profitability; 2) shape future directions; 3) prepare new FB leadership; 4) ensure the support of non-working family members; and 5) thoughtful philosophies guidance (Ward, 2016). However, there was a very limited number of publications dedicated to the transition processes of oriental FBs.

### **3.3 Transgenerational intent**

FB transgenerational intent (TI) was deliberate efforts and planning by current the FB owner/management to ensure the long-term sustainability and success of the business for future generations. It involved creating a strategic vision, setting goals, and implementing practices aimed at preserving and enhancing the family business across multiple generations. Two key aspects of TI in FB were legacy building and long-term planning. The first aspect was to build a lasting legacy and often have a deep sense of pride. The latter was to ensure the business's continuity and prosperity. FB with TI often invested in professional leadership development programs (e.g., education, mentorship, professional training) for younger generation members, hired external experts, and created corporate governance practices. Additionally, the FB would improve intrafamily communication to proactively address and resolve issues that may threaten the business's unity and continuity; and the FB also recognized the interdependence between business success and societal well-being (Ferrari, 2023a, 2023b; Mahto, Chen, McDowell, & Ahluwalia, 2019; Prompatanapak & Lopetcharat, 2021; Tjano & Janse van Rensburg, 2020; Williams, Zorn, Crook, & Combs, 2013).

The generation gap between the FB management and successors affected the level of the willingness to inherit the FB. The successor who was the first-born child (especially the son in oriental FBs) had a high rate of willingness to inherit the business. Additionally, maintaining the family's relationship impacted the succession planning process and its successor. Among Taiwanese immigrants, values and culture instilled by parents and society played a significant role in successful intrafamily FB succession (Han, Chang, & Chung, 2021a; Han, Chang, & Chung, 2021b). Therefore, a forward-thinking mindset and actions (e.g., empowerment, creativity, etc.) that impacted across multiple generations in

FB were needed for a successful transgenerational succession that ensured family legacy and business prosperity (Ferrari, 2023a).

### **3.4 The awareness of the level of family business creativity and innovation**

The level of FB's creativity and innovation of the current management greatly influenced the transgenerational business transition (Casillas, Moreno, & Barbero, 2010). The current FB management had to build and nurture the up-to-date working environment, in both innovation and technology. For Thai FBs, the more the successor was well aware of the creativity and innovation of the FB environment, the more the level of willingness to inherit the business (Phuanpoh & Pasunon, 2019). Moreover, knowledge management mediated the FB succession preparation and voluntary succession among Thai SME FBs (Sripongpun, Tirasawasdichai, & Wongadisai, 2022). Cohen and Sharma (2016) reported that a strong foundation of the business structure and family business innovation transferring process accommodated a successful family business succession.

### **3.5 Generation Z (Gen Z)**

Gen Z (a.k.a. Zoomer) typically includes individuals born between the mid-to-late 1990s and the early 2010s (succeeding Millennials and preceding Generation Alpha) (Merriam-Webster, 2020). The members of Gen Z have grown up in a world deeply influenced by technology, social media, globalization and the COVID-19 pandemic. They are often described as digital natives, having been exposed to the internet and digital devices from a young age. This has shaped their communication styles, social interactions, and worldview. Some key characteristics often associated with Gen Z include: 1) Digital fluency: Gen Z is highly adept at using digital tools and platforms for communication, entertainment, and learning. 2) Diversity and inclusivity: Gen Z tends to be more socially and culturally diverse than previous generations, with a greater emphasis on inclusivity and acceptance of various identities and lifestyles, 3) Entrepreneurial mindset: Many members of Gen Z are drawn to entrepreneurship and self-employment, valuing independence and creativity in their work, 4) Activism and social consciousness: Gen Z is known for its strong sense of social justice and activism, advocating for causes such as climate change, LGBTQ+ rights, and racial equality, 5) Pragmatism: Growing up in a

time of economic uncertainty and rapid technological change, Gen Z tends to be pragmatic and realistic about their future prospects, seeking practical solutions to challenges, 6) Short attention spans: Due to their exposure to constant streams of information and entertainment online, Gen Z is often characterized by shorter attention spans and a preference for bite-sized content. Overall, Gen Z is poised to have a significant impact on society and culture in the coming years, both as consumers and as leaders shaping the future (Kingl, 2022).

### 3.6 The Three-circle model

The Three-Circle Model, introduced by Tagiuri and Davis (1996), serves as a foundational framework for understanding the complex interactions within family businesses. The model divided family firms into three systems: business operations, family dynamics, and ownership communication. Each system has its own roles, interests, and objectives. The business operation focuses on business goals, market performance, and operational efficiency. The family dynamics is about family relationships, and family bonding. Finally, the ownership communication explains about the right to manage and control family business. Normally, the unclear direction between these systems creates possibility of conflict and cooperation. This model can help make a direction to identify the arising issue area.

## 4. Conceptual Framework

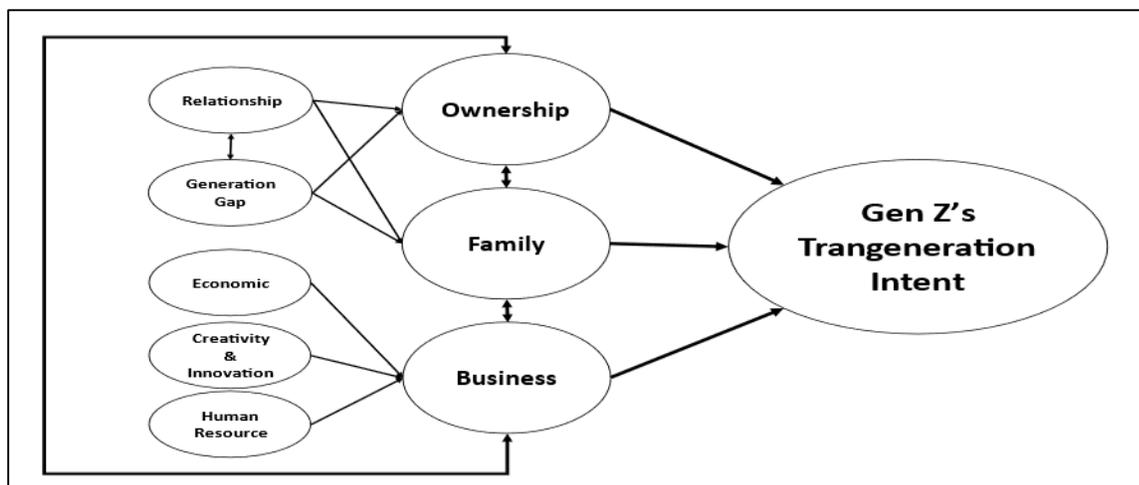


Figure 1 Conceptual framework and data analysis of this research

There is an upcoming challenge to the Transgenerational Plan in Thailand. Even though the founder wants the next generation to inherit, there are many FBs that fail to pass on their business to the next generation. The primary aim of this study was to discover the factor(s) that make the successful transgenerational plan to ensure things that have to be prepared before transgeneration succession planning.

### **5. Research Methodology & Analysis**

#### **5.1 Sample and data collection method**

##### **Sample**

One hundred and forty-nine (149) FBs with multi-generation management and Gen Z as prospected successors were selected to participate in this study. The FBs were screened through the pool of BUSEM students (class of 2023) (450 students) who had FB backgrounds and were willing to participate in the study.

#### **5.2 Data collection method**

On-line face-to-face interviews were conducted with current generation management and the Gen Z successors separately through online video conference applications. The interview was a structured interview that followed a pre-designed questionnaire. After the structured interview, the interviewers asked more in-depth questions to verify the answers given by the interviewees. Therefore, the information gathered reflected both the perspectives of the current management and the successors.

#### **5.3 The questionnaire**

The questionnaire used contained 45 questions covering 2 aspects: 1) the FB information and business situation and 2) the Gen Z successors' intention to inherit the business, entrepreneurial orientation (EO), and their perspective toward the business situation and management. The questionnaire was developed based on previous studies on Thai family business and published works (Table 1) (Bolton & Lane, 2012; Prompatanapak, 2019; Prompatanapak & Lopetcharat, 2021; Souitaris, Zerbinati, & Al-Laham, 2007; Sripongpun et al., 2022).

**Table 1** Measurement questions

Section	# of questions	Interviewee
1. Business characteristics	3	Current management
2. Management and family relation	3	Current management
3. Current business situation	7	Current management
4. Business outlook	2	Current management
5. Business transgeneration plan	3	Current management
6. Succession intention	2	The Gen Z
7. Future plans for FB	6	The Gen Z
8. EO of the Gen Z	5	The Gen Z
9. Immediate improvement, if the Gen Z inherit the FB	7	The Gen Z

#### 5.4 Statistical Analysis

The data from sections 1 to 5 were tallied and reported in percentage. The associations between the data between section 6 and other sections were analyzed using Chi-square analysis at 95% confidence level. Each rating data from sections 8 and 9 (dependent variables) were analyzed using Analysis of Variance (ANOVA) where the factors from sections 1, 2, 3, 4, 5 and 6 were treated as main effects. If any significant differences were detected by the ANOVA, Tukey’s b multiple comparison procedure would be employed to test the pair-wise differences at a 95% confidence level.

### 6. Results

#### 6.1 Characteristics of Thai family SMEs

There were only three types of power structures (Autocracy, Domestic configuration and Clench hybrid) among the 149 FBs with multi-generation management (Table 2). Interestingly, the non-existence of Administrative hybrid FB, where the managerial control relied on both family and external professional management, reflected that Thai SME FBs kept the power within the family. Food and beverage, agriculture and hospitality and tourism accounted for 52.43% of all the types of the SME FB industries (Table 2). It is worth noting that these 3 sectors utilize “agricultural resources” without advanced

technologies in their main offerings. Overwhelmingly, the management of the SME FBs were still within the family control (97.20%) which reflected the only 3 types of the Power structures (Table 2). Twenty-one percent of the FBs hired managers (not the management) to run their business (Table 2). Still, the majority (53.85%) of the FB management believed that their businesses were still on the up-side of the business life-cycle (Table 2).

**Table 2** Thai family SMEs profiles in this study

<b>Characteristic</b>	<b>Percent</b>
<b>Power structure</b>	
Autocracy	36.36%
Domestic configuration	22.38%
Clench hybrid	41.26%
Administrative hybrid	0.00%
<b>Type of industry</b>	
Agriculture	13.98%
Automobile	6.29%
Textile and garment	5.59%
Food and beverage	27.97%
Hospitality and tourism	10.48%
Investment banking	0.70%
Energy	2.79%
IT and electronics	4.20%
Furniture	2.10%
Construction	4.20%
Others	21.70%

**Table 2** Thai family SMEs profiles in this study (continue)

Characteristic	Percent
<b>Management by:</b>	
Family member	97.20%
Professional employees	2.80%
<b>Hiring professional manager</b>	
Yes	21.00%
No	79.00%
<b>Business life cycle</b>	
Introduction	5.60%
Growth	38.50%
Mature	42.70%
Declined	4.20%
Reborn	9.00%

## 6.2 Influencing factors for transgenerational intent for Thai GenZ successors

### 6.2.1 The role of EO

Regarding the relationship between the Gen Z successors' willingness to inherit their FBs and their Entrepreneurial Orientation (EO) levels, it was surprising that the EO levels were not significantly different between the Gen Z successors who wanted and did not want to inherit the FBs (Table 3). This result was in the same direction as the research of Prompatanapak and Lopetcharat (2021). Therefore, among Thai Gen Z SME FB successors, the level of EO would not be a good predictor for the intent to inherit their FBs.

**Table 3** Entrepreneurial Orientation (EO) of Gen Z and willingness to inherit their SME FBs.

	Description	Want to take over the family business		Comparing the difference between the mean of “No” and “Yes” group
		No	Yes	
EO1	Innovativeness	3.62	3.90	$F_{(df1,140)} = 2.15$ ; p-value 0.14
EO2	Risk taking	3.82	3.83	$F_{(df1,140)} = 0.00$ ; p-value 0.98
EO3	Proactiveness	3.92	3.81	$F_{(df1,140)} = 0.37$ ; p-value 0.54
EO4	Competitive aggressiveness	3.54	3.62	$F_{(df1,140)} = 0.15$ ; p-value 0.70
EO5	Autonomy	3.69	3.68	$F_{(df1,140)} = 0.00$ ; p-value 0.96
EO <sub>total</sub>	Total EO	3.72	3.77	$F_{(df1,140)} = 0.11$ ; p-value 0.74

**6.2.2 The roles of family business power structure**

There was no significant relationship between family business power structure and willingness to succeed in the business ( $\chi^2_{df=2} = 4.223$ ; p-value = 0.12). However, the successors from the clench hybrid FB, where the management power was distributed among family members, were keen to take over the business more than the other two types (Table 4). From the follow-up focus group interview, those successors mentioned that they wanted to continue the FBs and build new businesses according to their passions at the same time.

**Table 4** Family business power structure effect on transgenerational intent of GenZ

	Want to take over the family business	
	%No	%Yes
Autocracy	41.03	34.62
Domestic configuration	30.77	19.23
Clench hybrid	28.21	46.15

**Table 4** Family business power structure effect on transgenerational intent of GenZ (continue)

	Want to take over the family business	
	%No	%Yes
Administrative hybrid	0.00	0.00
Total	100.00	100.00

**6.2.3 Relationship between family business management and Gen Z**

Table 5 shows that Gen Z successors were keen to take over their FBs when the FB managements were family members ( $\chi^2_{df=1} = 4.73$ ; p-value = 0.03). These results confirmed the findings from Ferrari (2023a, 2023 b) that the main goal of transgeneration succession of any FB was to build a legacy and to ensure the business's continuity and prosperity.

**Table 5** Family membership and willingness to inherit the business of GenZ

The management is...	Want to take over the family business	
	%No	%Yes
A family member	92.30	99.00
Not a family member	7.70	1.00
Total	100.00	100.00

There was a significant transgenerational generation gap ( $\chi^2_{df=6} = 24.6$ ; p-value = 0.001). If the generation gap was only the father or mother passes on to their child, the acceptance rate was 87.50% and it was more when the one who passed on the FBs was their mother (Table 6). They did not agree to continue the business if the management had further level of relationship with them or being their siblings. Compared to the two-step generation gap (grandfather or grandmother) to their grandchild, the acceptance rate dropped to 12.50% (Table 6).

**Table 6** The relationship between the management and GenZ

The relationship to Gen Z	Want to take over the family business	
	%No	%Yes
Father	52.60	53.80
Mother	15.80	33.70
Grand parents	2.60	2.90
Uncles and aunts	2.60	7.70
Siblings	15.80	1.90
Cousins	2.60	0.00
Non-family member professionals	7.90	0.00
Total	100.00	100.00

**6.2.4 Business competition**

It was very interesting that the business competitive environment from the management’s perspective did not relate to the decision to inherit the family business of Gen Z (Table 7) ( $\chi^2_{df=2} = 1.29$ ; p-value = 0.52). However, from the follow-up interview, the Gen Z successors, the level of competitiveness was not the factor that influenced their decision to inherit the FBs.

**Table 7** Business competition and willingness to inherit the business of GenZ

Business competition from current management’s perspective	Want to take over the family business	
	%No	%Yes
Low	7.70	14.40
Medium	43.60	37.50
High	48.70	48.10
Total	100.00	100.00

**6.2.5 The influence of crisis faced by the business**

There was a significant relationship between the types of crises that the FBs faced and the willingness to succeed in the business of Gen Z ( $\chi^2_{df=5} = 11.55$ ; p-value = 0.04) (Table 8). The successors from the FBs wanted to inherit the business with Marketing Crises. They were confident that they could improve the FBs’ situation better than the older generation. However, the successors did not agree to take over the FBs due to Culture & structure and Human resource crises (Table 8).

**Table 8** The influence of business crises on willingness to inherit the business of GenZ

Type of crises	Want to take over the family business	
	%No	%Yes
Financial	17.90	18.30
Human resource	38.50	22.10
Culture & structure	10.30	5.80
Marketing	17.90	27.90
Injustice	10.30	3.80
Others	5.10	22.10
Total	100.00	100.00

**6.2.6 Business life-cycle**

Interestingly, the business life-cycle did not relate to the decision to inherit the family business of Gen Z ( $\chi^2_{df=1} = 3.014$ ; p-value = 0.083) (Table 9). Most of the successors from Growth businesses were agreed to take over the FB. From the follow-up interview, the Gen Z successors did not believe that the FBs would survive in the Declined and Reborn stage of life-cycle; therefore, more of them did not want to inherit the FBs (10.30% vs. 3.80% for the Introduction phase and 12.80% vs. 7.70% for Reborn phase) (Table 9)

**Table 9** The influence of business life-cycle on willingness to inherit the business of GenZ

Stage of life-cycle	Want to take over the family business	
	%No	%Yes
Introduction	10.30	3.80
Growth	28.20	42.30
Mature	43.60	42.30
Declined	5.10	3.80
Reborn	12.80	7.70
Total	100.00	100.00

**6.2.7 Willingness to pass on the business to the successor**

Knowing that they were the successor significantly related to the willingness to inherit the family business of Gen Z ( $\chi^2_{df=1} = 36.756$ ; p-value = 0.000). Most of the successors who were informed about the succession plan wanted to inherit the FB (86.50%). If the communication was not well established, the Gen Z successors would not inherit the SME FBs compared to those who were willing to inherit the FBs without knowing about the succession plan (71.79% vs. 28.21%) (Table 10). These results reinforced the importance of intrafamily communication stated in Ferrari (2023b).

**Table 10** The influence of being the successor on the willingness to inherit the business of GenZ

Willingness to pass-on	Want to take over family business		
	%No	%Yes	
Not willing/not sure	71.79	28.21	100.00
Yes, willing to pass on	13.46	86.54	100.00

**6.3 Business activity that the GenZ successors wanted to improve in their family business**

Among the Gen Z who wanted to inherit the SME FBs (89 out of 149 persons), building FB’s network was their top priority (3.56/5). From the follow-up interview, the Gen Z successors would like to build a wider network of alliances rather than depending on few deeply trusted partners and that

was reflected in Table 11 that improving corporation with partner received the lowest score (2.28/5) (Table 11). Interestingly, building a network was more important than new product development (3.18/5) which required creativity and innovation which was reported as an important factor for a successful transgenerational succession in Thai FBs (Phuanpoh & Pasunon, 2019).

**Table 11** The prioritized business activities that Gen Z successors would like to implement after inheriting the SME FB

Activity	Mean (5 pt)
Build network	3.56
New product development	3.18
Cost reduction	2.66
New supplier	2.63
Sourcing locally	2.61
Corporation with partners	2.28

## 7. Discussion

### 7.1 Factors that shaped Gen-Z heirs' attitudes towards inheriting the family business

This research showed two important factors that influenced Gen-Z heirs to inherit their SME FBs that were 1) the Generation gap and 2) Clear succession communication. Regarding the generation gap, only 1-generation step & top-down generation gap would have a positive impact on Gen Z's willingness to inherit their SME FBs. The results showed that majority of the Gen Z would be willing to inherit the FB from their parents (Father or Mother). Moreover, the Gen Z successors would be less likely to inherit the FBs from their siblings or any further generations. These have not been reported in any Thai family business study. The only 1-generation step & top-down condition suggested that any succession plan that would circumvent the condition should incorporate preventative measures to help maintain a good family relationship; and, this should comply with the ultimate goal of FB that were building a lasting legacy and ensuring the business's continuity and prosperity (Ferrari, 2023a, 2023b).

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Additionally, our results also confirmed the importance of clear communication about the succession plan between the predecessor and the successor (Ferrari, 2023b; Mahto et al., 2019; Tjano & Janse van Rensburg, 2020; Williams et al., 2013). Regardless of business type, state of business life-cycle, and degree of business competition, the communication should clearly show the willingness to transfer the authority to the successors. From the interview, many successors would inherit their SME FBs even though the FB was not profitable as one stated that *“I desire to inherit my family’s sports business because I believe that there is a trend toward sport and our products have high potential to develop to fit the market.”*

### **7.2 The 3-circle model and Gen Zs’ TI**

This study shows that all three circles: Business, Family and Ownership influenced the TI of the Thai SME FBs’ Gen Z. For the Business circle, business characteristics such as FB-types, industry, and state on business life-cycle did not really associate with the Gen Zs’ TI. However, some types of business crises could discourage the Gen Z’s from inheriting the SME FB. The Gen Z still wanted to inherit the FB when the crisis was the marketing crisis. However, if the crises were about human resources or company culture, the Gen Z would not want to inherit the business. This is a new finding in Thai SME FB studies. As a digital native, Gen Z has been exposed to and proficient in social media and digital marketing which easier to implement (Kingsl, 2022). On the other hand, Gen Z is not really proficient in human interaction; thereby, they would avoid real-life confrontation (Francis & Hoefel, 2018). For Family and Ownership circles, the study found many important factors impacting the Gen Z’s TI. The 1-step generation & top-down condition were the major factors in the Family circle that influenced their TI. The fact that being their parents (especially Mother) was more influential to the Gen Zs’ TI than other family members signifies the importance of the Family circle. Additionally, from the Ownership circle, clear communication about business succession was important to them as they could feel the transfer of authority.

## **8. Conclusion**

This study found the factors influencing the Thai Gen Z’s TI came from all 3 circles from the 3-Circle Model. Moreover, the Family and Ownership circles were more influential than the Business

circles. Most of the business characteristics were not associated with Thai Gen Z's TI. However, the Thai Gen Z paid more attention to business dynamics such as business crises. If the business problem was marketing related, the Thai Gen Z would inherit the business. However, if the issues were about humans (e.g., human resources, company culture, etc.), the Thai Gen Z would be less interested to inherit the FB. The 1-step generation & top-down condition, the parent, was crucial to encouraging the Thai Gen Z to inherit their SME FBs especially when the mother was the leader of the business. Clear communication between the predecessor (in this case was the parent) to the successor (the Gen Z) was critical to increasing Gen Z's TI.

## **9. Suggestion**

The findings from this study suggest that any SME FBs should pay attention to 1) the 1-step generation & top-down condition, 2) sorting out human issues within the organization and 3) the clear communication regarding the succession between predecessor and successor. If the parent-to-child condition cannot be met for the succession, to prevent family conflicts, clear plan and communication among family members should be done before any announcement regarding the succession is conveyed to the successor. If there are human issues especially human resource problems and organization cultures in the FB, the predecessors and leaders should minimize the problem and groom the successors to deal with the human issues.

This study was conducted on only Thai SME family businesses and the results should not be generalized to other cultures and countries or larger organizations. Additionally, further studies on skill training for inheritors especially Gen Z and younger generations to prepare them to encounter the issues in their family business are recommended and the impact and interactions between the factors found in this study should be explored further.

Due to the explorative nature of this study, simple statistical analyses were used. However, for future studies, it is highly recommended to expand to other groups of populations with more concrete sampling plans with defined experimental design, develop conceptual models that incorporate the three factors found in this study in more causal-effect representation and employ more advance statistical analyses (such as Analysis of Co-Variance, multi-way Multivariate Analysis of Variance, Partial

Least Square regression and/or Structural Equation Modelling) to estimate more accurate effect sizes and more concrete causal-effect conclusion.

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