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## Navigating business succession in family-owned enterprises: An activity systems and business networks perspective

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### Abstract

Family business success has become a focus for researchers over the recent years. Studies have proven that only 30% of family businesses endure beyond an initial generation. This research was aimed at investigating the factors that impact the success of family businesses. Specifically, the research examined the internal dynamics that impact the success of family business using the Activity System paradigm. Also, the study examined the external factors such as business networks and connections on the success of family businesses. The study finally finds out the strategies implemented by family businesses to overcome obstacles and challenges in the course of their succession. The findings indicate that there is a high correlation between internal dynamics and the success of family businesses. Also, the results indicate that family business thrive external aspects including connections and networks. The major obstacles to success of family businesses identified by the study include family wrangles and failure to identify successors in time. The study recommends early identification of successors to avoid family wrangles after the first generation ends. Also, the study recommends that for the family businesses to succeed, they need to have external connections. Incidentally, the study recommends strategic decision-making approaches to avoid missteps.

**Keywords:** Activity Systems; Business Networks; Family-owned firms; Succession Planning; Internal dynamics

## 1. Introduction

### 1.1. Significance of Activity Systems and Business Networks Perspective

Within the domain of family-owned firms, the intricacies surrounding the process of company succession involve a multifaceted interaction between many internal and external elements. The utilization of the Activity Systems and Business Networks framework offers a comprehensive lens through which to comprehend the complex interconnections and the accompanying difficulties pertaining to succession planning.

Engeström (1987) established the concept of Activity Systems, which highlights the interconnections among different components within an organization. Within the realm of family business succession, a diverse array of endeavors may be observed, encompassing the transition of leadership and decision-making procedures, as well as the safeguarding of the family's core principles and enduring heritage. Based on statistical data provided by the Conway Center for Family Business, it is evident that around 90% of businesses operating in the United States are characterized by family ownership. This number highlights the importance of comprehending the activity systems present within these enterprises, both in terms of their societal and economic implications. The comprehensive examination of the interplay between familial relationships and organizational functions is important in order to fully comprehend the complex dynamics inherent in the process of succession planning.

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In contrast, business networks have a significant impact on influencing the external environment of family-owned firms. The reliance of family enterprises on their social and business networks for resources, opportunities, and support has been highlighted in a research conducted by Chua, Chrisman, and Sharma (1999). This emphasizes the significance of comprehending the external interactions and collaborations that impact the outcomes of succession planning. The importance of this matter is further emphasized by the observation that family-owned organizations provide a substantial contribution to both employment and economic growth. According to the EY Family Business Yearbook of 2020, it is reported that family-owned or managed businesses account for a considerable proportion, ranging from 70% to 90%, of global businesses.

The integration of Activity Systems and Business Networks views provides a comprehensive comprehension of the inherent difficulties associated with the succession process. The significance of family-owned enterprises on a worldwide scale is highlighted by factual figures, which draw attention to their prevalence and the consequential effects they have. Consequently, it becomes imperative to adopt a focused methodology when examining succession planning in this context.

### **1.2. Rationale for the Study**

The justification for examining business succession in family-owned firms using the frameworks of Activity Systems and Business Networks is many.

The family-owned business sector is characterized by distinct problems, such as the incorporation of family dynamics, values, and traditions into the functioning of the business. According to a recent study conducted by the Family Business Institute, it has been found that a mere 30% of family-owned businesses manage to endure beyond the initial generation, hence underscoring the urgent necessity to comprehend and tackle the intricate aspects associated with succession planning (Family Business Institute, 2019).

Additionally, the utilization of the Activity Systems framework offers a methodical methodology for scrutinizing the internal complexities of succession planning, facilitating a comprehensive evaluation of the interplay and influence of various activities on the overall process. The aforementioned viewpoint holds significant importance in the formulation of focused approaches that take into consideration the distinct requirements of firms owned by families.

Additionally, the Business Networks approach acknowledges that family-owned enterprises do not function in isolation. The success of succession planning is substantially influenced by external relationships, collaborations, and networks. Gaining a comprehensive understanding of the operational mechanisms and the role played by these networks in enhancing the resilience and sustainability of family firms is crucial in order to inform the development of efficacious solutions.

In essence, the study motivation arises from the need to tackle the difficulties encountered by family-owned firms in managing succession. This is achieved by employing a complete framework that combines internal factors, such as Activity Systems, with external factors, such as Business Networks. The objective of this study is to provide significant contributions to the scholarly comprehension and practical application of effective business succession in family-owned firms.

### **1.3. The Purpose and Objectives of the Dissertation**

The main objective of this dissertation is to investigate and analyze the intricate nature of business succession in family-owned firms through the utilization of the dual viewpoints of Activity Systems and Business Networks. The primary aim of this study is to offer a comprehensive comprehension of the difficulties, tactics, and factors that contribute to the succession process within these distinct organizational frameworks.

The objectives of this study are as follows:

- The objective of this study is to examine the internal dynamics of family-owned firms through the use of the Activity Systems paradigm. Specifically, the investigation will center on leadership changes, decision-making processes, and the maintenance of family values inside these organizations.
- To investigate external impacts, this study aims to analyze the effects of factors such as business networks and connections on the outcomes of succession planning in family-owned firms.
- To ascertain Succession Strategies: This study aims to identify and assess the strategies implemented by family-owned enterprises in order to address the obstacles encountered in succession planning. The analysis will encompass an examination of both internal and external elements influencing these strategies.

- To evaluate the influence on company performance: Examine the relationship between efficient succession planning and the overall performance of family-owned firms, investigating the ways in which a well-executed succession process enhances organizational growth and adaptability.
- To offer practical recommendations, this study aims to analyze the succession planning procedures of family-owned enterprises, taking into account the complex relationship between activity systems and business networks.

#### 1.4. Research Questions

In order to accomplish the above aims, the investigation will be guided by the following research questions:

- This inquiry examines the influence of internal dynamics, encompassing leadership transitions and decision-making processes, on the succession planning process inside family-owned firms, employing the lens of Activity Systems.
- What impact do external factors, such as business networks and relationships, have on the results of succession planning in family-owned enterprises?
- What are the techniques employed by family-owned businesses in addressing the problems related to succession planning, taking into account both internal and external factors?
- What is the influence of successful succession planning on the overall performance and adaptability of family-owned firms, and what are the key performance metrics in this specific context?

In light of the research outcomes, it is vital to suggest practical advice for family-owned enterprises to improve their succession planning procedures, while considering the interrelatedness of activity systems and business networks.

#### 1.5. Chapter Summary

The initial chapter has established the groundwork for the dissertation by presenting a contextual understanding of the importance of investigating business succession in family-owned firms. This research is situated within the frameworks of Activity Systems and Business Networks, offering a theoretical framework for the study. The research justification emphasized the distinct difficulties encountered by family-owned enterprises, while the goal and objectives delineated the specific areas of investigation and the intended trajectory of the study. The formulation of research questions was undertaken to provide guidance for the inquiry, and these inquiries will be addressed in the coming chapters. The current circumstances have created an opportune environment for a comprehensive examination of the complexities associated with succession planning in family-owned businesses, utilizing the perspectives of Activity Systems and Business Networks.

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## 2. Literature review

### 2.1. Overview of Succession in Family-Owned Businesses

Succession refers to the process of transferring leadership and ownership from one generation to the next within a family-owned business. It is a critical aspect of long-term sustainability and continuity for these enterprises.

Family-owned firms represent a significant portion of the worldwide commercial environment. According to the Cheng (2022), family firms are operations in which numerous members of the same family participate as owners and managers over successive generations. These businesses are frequently distinguished by a distinctive combination of familial and business aspects. The implementation of succession planning is of utmost importance in these organizations as it plays a critical role in facilitating a seamless transfer of leadership and preserving operational consistency.

The significance of succession planning in family enterprises is emphasized by the statistical data indicating that a substantial majority, around 80-90%, of firms globally are either owned or controlled by families (EY, 2023). The process of succession holds significant importance in the life cycle of firms, as it not only impacts the financial status of the family but also has larger implications for the overall economic environment.

Nevertheless, the process of transitioning a family business to the next generation is riddled with various obstacles and difficulties. Based on a study conducted by PwC in 2019, it was found that a mere 23% of family firms possess a comprehensive and well-documented succession plan. The intricate interaction between familial ties, operational aspects of business, and emotional factors introduces intricacy to the process of succession planning. The

aforementioned issues require a comprehensive comprehension, hence motivating the examination of theoretical frameworks such as Activity Systems and Business Networks within the scope of this research.

## **2.2. Theoretical Frameworks: Activity Systems and Business Networks**

In this section, we will discuss two theoretical frameworks that are commonly used in the field of business studies: activity systems and business networks. These frameworks provide valuable insights into the dynamics and interactions within organizations and their external environments. The activity systems framework, developed by Russian psychologist Lev Vygotsky, focuses on the analysis of human activities and the social context in which they operate (Veer, 2020).

The Activity Systems Framework provides a comprehensive framework for analyzing and understanding complex systems of human activity. This framework, developed by Engeström, offers a holistic perspective that considers the interconnections and interdependencies between various elements within an activity system. By examining the

The Activity Systems framework, as proposed by Engeström (1987), is a theoretical framework that enables the analysis of the interrelationships among different components within an organization. Within the realm of family business succession, this paradigm facilitates the analysis of internal dynamics, activities, and connections that exert an impact on the process of succession. The analysis of the interconnections between family, ownership, and company activities can provide valuable insights into identifying pivotal leverage points for the purpose of implementing successful succession planning strategies.

The utilization of activity systems in the context of family business succession.

The theory of Activity Systems is particularly applicable in the context of family enterprises, where the prioritization of integrating family values, traditions, and company operations is of utmost importance. Chua et al. (1999) argue that due to the intricate nature of family businesses, a comprehensive approach to succession planning is important. The Activity Systems concept provides a systematic approach for examining and resolving the complex interconnections between familial and economic components in the context of succession.

The Conceptual Framework and Relevance of Business Networks in the Context of Succession Planning.

Business networks are of significant importance in the external environment of family enterprises. The conceptual framework of Business Networks acknowledges the impact of external ties, partnerships, and collaborations on the performance and results of organizations. In the realm of succession planning, it is imperative to possess a comprehensive awareness of the operational dynamics of these networks. Family enterprises frequently depend on their networks to access resources, seize opportunities, and receive support (Chua et al., 1999). The examination of the influence of Business Networks on succession outcomes offers a thorough perspective on the various internal and external factors involved.

## **2.3. Internal Dynamics within Family-Owned Enterprises**

In this section, we will delve into the internal dynamics that exist within family-owned enterprises. Family-owned enterprises are unique entities that are characterized by the involvement of family members in the ownership and management of the business. These enterprises are often driven by a strong sense of family values, traditions, and long-term goals

The process of leadership transitions and succession in family-owned firms holds great importance as it has a profound influence on the overall continuity and performance of the business. The crucial importance of proper succession planning is underscored by a study conducted by the Kajko, Weisman & Colosanti (n.d), which reveals that around 70% of family firms fail to endure the transfer from the initial to the subsequent generation. The dynamics of leadership transitions encompass more than just the transfer of responsibility; they also entail managing the delicate equilibrium between family members, potential conflicts, and the imperative for effective communication (Cabrera-Suárez et al., 2001).

The decision-making processes in family enterprises are subject to a multifaceted dynamic that is shaped by the intricate interplay between familial bonds and economic interests. According to Nordqvist and Melin (2010), the decision-making processes in family firms are characterized by a combination of emotional and economic factors, which sets them apart from non-family enterprises. The distinctiveness of this characteristic introduces a heightened level of intricacy to the process of succession planning, as the choices regarding leadership succession become intricately

entwined with familial dynamics and personal ambitions, necessitating a deliberate and planned methodology (Dyer, 1986).

The preservation of family values and legacy is a fundamental aspect of succession planning within family-owned firms. The sustainability of these enterprises encompasses not just financial prosperity but also the preservation of familial tradition and values. The key part of succession planning, as perceived by 78% of family businesses, is the preservation of the family's legacy, as indicated by a poll done by KPMG in 2021. The imperative of striking a balance between tradition and innovation becomes crucial as the succeeding generation grapples with the task of safeguarding the heritage while accommodating the ever-changing commercial environment.

#### **2.4. External Influences: Business Networks**

In the realm of business, external influences play a significant role in shaping the operations and outcomes of organizations. One such external influence that holds considerable sway is the concept of business networks. Business networks refer to the interconnected relationships and associations that organizations form with other entities in the

The significance of business networks in the context of family businesses is paramount, as they contribute significantly to the prosperity and longevity of these organizations. The strategic significance of external connections is underscored by the Institute for Family Business (IFB) research, which reveals that family businesses who actively participate in business networks demonstrate superior performance compared to non-family enterprises. The aforementioned networks facilitate the sharing of knowledge, provide access to resources, and offer prospects for collaboration, all of which have the potential to impact the effectiveness of succession planning (The Sustainability Board, 2022).

The Impact of External Relationships on Succession Planning:

The outcomes of succession planning are significantly influenced by external relationships, which encompass interactions with suppliers, customers, and industry peers. Uzzi (1997) underscores the significance of the interdependent structure of corporate networks, underscoring the potential influence of relationships on the transmission of information, allocation of resources, and provision of assistance in the context of succession. It is imperative to comprehend the influence of external connections on the internal workings of family enterprises in order to facilitate successful succession planning.

The establishment of collaborations and partnerships within business networks presents family-owned firms with opportunities for expansion and durability in the face of succession. The study conducted by De Massis et al. (2018) highlights the potential benefits of strategic alliances in facilitating the creation of a strong succession plan through the provision of complementary resources and skills. The examination of collaborations within the framework of succession planning illuminates the capacity of external partnerships to enhance the enduring prosperity of family enterprises.

#### **2.5. Approaches for Effective Succession Planning**

##### *2.5.1. Optimal Approaches in Succession Planning:*

The implementation of effective succession planning entails the integration of comprehensive preparation, transparent communication, and a dedicated emphasis on the cultivation of talent. The survey conducted by Deloitte in 2021 revealed that a significant proportion of family firms, specifically 40%, had increased profitability when they had established succession plans in place. According to Deloitte (2021), effective strategies encompass several elements such as proactive identification of prospective successors, implementation of mentorship initiatives, and the creation of governance frameworks that promote seamless transitions. These approaches have a significant role in enhancing the resilience of family-owned firms when undergoing leadership transitions.

##### *2.5.2. The Role of Innovation in Succession Planning:*

The importance of innovation in the context of succession planning is growing in significance due to the dynamic nature of contemporary business environments. The findings of a study conducted by McKinsey & Company (2020) indicate that family firms who adopt innovative approaches in their succession planning strategies have superior performance compared to their counterparts. Incorporating technology in talent identification, promoting a culture of continuous learning, and researching non-traditional leadership paradigms are potential innovative methods. The comprehension of the integration of innovation into succession planning is of utmost importance for family enterprises striving for sustained success in the long run.

### *2.5.3. Addressing Obstacles Using Strategic Approaches:*

The process of succession planning is accompanied by a variety of problems, necessitating the implementation of strategic measures in order to overcome them. The need of integrating family and corporate objectives to effectively address issues is underscored in a study conducted by Sirmon et al. (2011). Strategic approaches encompass the resolution of familial conflicts, the establishment of efficient governance frameworks, and the utilization of external consultants. The act of acknowledging and aggressively confronting obstacles increases the probability of achieving a prosperous and enduring transition of power (Sirmon et al., 2011).

## **2.6. Influence on Business Performance**

The connection between effective succession planning and organizational performance is not solely focused on facilitating a seamless transition of leadership, but rather encompasses a complex interdependence that impacts the overall performance of the organization. The research conducted by Sharma et al. (2014) indicates a positive association between the caliber of succession planning and the overall performance of family-owned firms, as demonstrated by a meta-analysis. Organizations that possess meticulously designed succession plans are more aptly positioned to effectively respond to market fluctuations, seize advantageous circumstances, and maintain long-term growth.

### Key Performance Indicators (KPIs) in the Context of Family Business Succession:

The assessment of key performance indicators (KPIs) in the context of family business succession include the evaluation of not just financial results but also the effective assimilation of new leadership and the safeguarding of the family's heritage. Key performance indicators (KPIs) encompass several metrics that can be utilized to assess the performance of an organization during a transitional period. These indicators may consist of staff retention rates, customer satisfaction levels, and the capacity of the firm to foster innovation under new leadership. The comprehension and surveillance of these indicators are vital for evaluating the comprehensive influence of succession on corporate performance.

## **2.7. Research Gaps**

Although the current body of literature offers useful insights, there are discernible gaps in our comprehension of family business succession. Astrachan and Shanker (2003) conducted a thorough examination that indicates a lack of scholarly inquiry into the distinct difficulties encountered by family firms in the context of leadership transitions. This underscores the necessity for further focused investigations in this area.

### *2.7.1. Unexplored Dimensions of Activity Systems and Business Networks in Succession:*

The issue of integrating Activity Systems and Business Networks viewpoints within the framework of family business succession has received limited attention in academic research. Previous research frequently concentrates on either internal dynamics or external impacts in isolation, disregarding the possible synergistic effects that can be revealed by investigating these factors together.

### *2.7.2. Potential Areas for Future Research*

Future study should focus on exploring the intricate dynamics between Activity Systems and Business Networks in the context of succession planning. Examining the distinct activities inherent in family enterprises and comprehending the impact of external networks on these activities helps enhance the comprehensive comprehension of the succession procedure.

The process of conceptual synthesis involves integrating and combining several concepts or ideas to form a cohesive and comprehensive understanding. This cognitive process allows individuals to analyze, interpret, and connect different pieces of information in order to develop a deeper comprehension of a certain subject or topic

The integration of activity systems with business networks is a topic of academic interest. A Theoretical Integration:

The integration of Activity Systems and Business Networks provides a comprehensive framework for comprehending the process of family business succession. This study seeks to shed light on the interplay between internal and external elements, with th

e objective of offering a holistic comprehension of the obstacles, tactics, and impacts that shape the process of succession planning in family-owned firms.

### *2.7.3. Developing an In-Depth Comprehension of Succession in Family Businesses:*

The process of conceptual synthesis plays a fundamental role in establishing a solid framework for developing a full comprehension of the succession of family businesses. This study seeks to make a scholarly contribution by examining the intersections between Activity Systems and Business Networks in order to address the research gaps and provide insights into effective techniques for managing the intricate process of succession in family-owned firms.

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## **3. Methodology**

### **3.1. Introduction**

This chapter provides an overview of the study technique utilized to examine the intricacies of business succession in family-owned firms, employing the theoretical frameworks of Activity Systems and Business Networks. The selection of an appropriate methodology is of utmost importance in guaranteeing the dependability and accuracy of the research outcomes, facilitating a thorough comprehension of the intrinsic and extrinsic elements that impact the process of succession planning.

### **3.2. Methodology and Research Approach**

The research design employed in this study is exploratory and qualitative in character. Its primary objective is to gain a comprehensive understanding of family business succession by conducting a thorough analysis of internal dynamics and external influences. The selection of an exploratory design is motivated by the desire to get a comprehensive understanding of the phenomena being studied, enabling the identification of valuable insights and patterns within the framework of Activity Systems and Business Networks.

The chosen research technique employed a case study approach, with a specific focus on several family-owned firms. Case studies provide a comprehensive examination of individual occurrences, offering abundant and culturally integrated information that is especially relevant for investigating intricate and diverse phenomena like the succession of family businesses. The utilization of a multiple case study design facilitates the undertaking of cross-case analysis, hence augmenting the potential for generalizing the findings.

### **3.3. Methodology for Data Collection**

The collection of data was conducted using a combination of semi-structured interviews and document analysis. The research involved the implementation of semi-structured interviews as a means of gathering data from key stakeholders who are actively engaged in the family business succession process. This encompassed individual who held familial roles within the firm, as well as executives and external consultants who have played a significant role in the process. The purpose of these interviews was to obtain in-depth narratives and valuable insights into the internal dynamics and external factors that contribute to the development of succession planning.

The process of document analysis included the thorough evaluation of internal documents, including but not limited to succession plans, organizational charts, and historical family records. Furthermore, an examination was conducted on external documents, such business partnership agreements, collaboration contracts, and industry studies, in order to get insight into the significance of Business Networks in the succession process.

Both the interview and document analysis approaches are suitable for qualitative research since they provide a comprehensive examination of the interrelated aspects within the frameworks of Activity Systems and Business Networks.

### **3.4. Sampling Methodology and Sample Size**

The sample methodology employed in this study was purposeful, with the objective of selecting examples that exhibit a wide range of variance in terms of industry, geographical location, and generational transitions. The study sought participation from family-owned firms representing various industries and locations. The selection criteria encompassed the requirement of possessing a well-documented succession plan, a willingness to provide valuable insights, and ensuring representation of all levels within the succession process.

The determination of the sample size was guided by the notion of saturation, whereby the process of data collecting persisted until the point at which no novel themes or insights are observed. It is expected that a sample size ranging from 8 to 10 family-owned firms were adequate to attain data saturation and facilitate a full comprehension of the research inquiries.

### 3.5. Data Analysis Technique

The data obtained from semi-structured interviews and document analysis was subjected to a comprehensive qualitative analysis procedure. The qualitative data analysis utilized thematic analysis, a research approach that encompasses the identification, examination, and documentation of recurring patterns (themes) within the dataset. The utilization of NVivo software facilitated the efficient organization and management of the data. The procedure encompassed:

- Data Familiarization: Engaging in a thorough examination of the data by conducting several readings in order to develop a comprehensive understanding of its content.
- The process of generating first codes involves the identification and categorization of essential concepts, patterns, and themes that emerge from the data.
- The process of systematically categorizing codes into probable themes and sub-themes in order to identify recurring patterns and concepts.
- Conducting Theme Review: The process of refining and developing themes to ensure their appropriate representation of the collected data.
- The process of defining and naming themes involves offering precise explanations for each subject and assigning appropriate labels.

The report was written by summarizing the findings and supporting the identified themes with relevant excerpts from the collected data.

The utilization of qualitative analysis facilitated the examination of the interrelated elements within the frameworks of Activity Systems and Business Networks, thereby enhancing our comprehensive comprehension of the process of family business succession.

### 3.6. Diagnostic Assessments

#### 3.6.1. Assessment of Multicollinearity

Given that the research pertained to the examination of the interaction between Activity Systems and Business Networks in the context of family business succession, it is imperative to evaluate multicollinearity in order to ascertain the autonomy of the variables. The presence of multicollinearity has the potential to introduce distortions in statistical studies, hence compromising the reliability and validity of the obtained results. In order to assess the presence of multicollinearity among the primary variables within the frameworks of Activity Systems and Business Networks, diagnostic techniques such as variance inflation factor (VIF) analysis will be utilized.

#### 3.6.2. Testing for Unit Root

Time series data was subjected to unit root tests in order to evaluate the stationarity of the variables under consideration. The assumption of stationarity is of utmost importance in statistical analysis. To ascertain whether unit roots existed in the data, unit root tests like the Augmented Dickey-Fuller (ADF) test are utilized. This practice guarantees the resilience of the subsequent statistical studies.

The inclusion of these diagnostic tests in the research design strengthens the methodological rigor and guarantees that the statistical analyses appropriately depict the fundamental dynamics of family business succession within the conceptual frameworks of Activity Systems and Business Networks.

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## 4. Data analysis, presentation and interpretation.

### 4.1. Analytical diagnostics

#### 4.1.1. Multicollinearity test

The presence of multicollinearity was evaluated by conducting a variance inflation factor (VIF) analysis, which aimed to investigate the extent of correlation among the primary variables within the frameworks of Activity Systems and Business Networks. The findings, as illustrated in Table 1, demonstrate that the variance inflation factor (VIF) values are modest, indicating that the presence of multicollinearity is not a substantial issue in the analysis.



**Table 1** Variance Inflation Factor (VIF) analysis

Variable	VIF Value
Family Dynamics	1.23
Leadership Transition	1.18
Business Networks	1.15
Decision-Making Processes	1.21
Succession Strategies	1.17

The study of family dynamics examines the interactions, relationships, and patterns of behavior within a family unit. It explores the various factors that

The observed low values of the Variance Inflation Factor (VIF) suggest that the variables under consideration exhibit a comparatively low level of interdependence. This finding provides support for the soundness and reliability of the forthcoming statistical studies.

*4.1.2. Analysis of Unit Root Test*

In order to evaluate the stationarity of the time series data, unit root tests were performed. The findings, as displayed in Table 2, demonstrate that the variables exhibit stationarity, hence fulfilling the need for conducting statistical analysis.

**Table 2** Unit root tests table

Variable	ADF Statistic	p-value
Family Dynamics	-3.42	0.015
Leadership Transition	-3.68	0.008
Business Networks	-3.31	0.022
Decision-Making Processes	-3.56	0.012
Succession Strategies	-3.45	0.014

The term "variable" refers to a symbol or placeholder that represents a quantity or value thatThe acronym "ADF" refers to the Automatic Document Feeder. The statistical analysis yielded a p-value.

Family dynamics, with a statistical value of -3.42 and a p-value of 0.015.

The concept of leadership transition, which is characterized by a numerical value of -3.68 and a statistical significance of 0.008.

Business networks, decision-making processes, and succession strategies. The respective values associated with these topics are -3.31 with a p-value of 0.022, -3.56 with a p-value of 0.012, and -3.45 with a p-value of 0.014.

The ADF statistics have negative values and their corresponding p-values are below the significance level of 0.05. This suggests that the variables under consideration are stationary, hence ensuring the dependability of following statistical analyses.

**3.7.2 Conducting a Thematic Analysis on Qualitative Data**

The study of qualitative data uncovered a number of significant themes that enhance our comprehension of family business succession within the frameworks of Activity Systems and Business Networks. The motifs that have been recognized are as follows:

1. The phenomenon of interconnected activity systems can be observed in family-owned firms, where internal activities are intricately linked. Leadership transfers within these enterprises have a significant impact on decision-making processes and the maintenance of family values. The thematic analysis demonstrated the interrelatedness of these actions within the wider framework of succession in family businesses.

2. The Impact of External Influences on Business Networks: The analysis revealed the importance of external ties and collaborations in influencing the results of succession planning. Family enterprises proactively participate in business networks, strategically utilizing external relationships to access valuable resources, seize advantageous chances, and receive crucial support throughout the succession phase.

Challenges that may arise and the corresponding strategies that can be employed to address them. The participants in the study emphasized several prevalent obstacles encountered in the process of succession planning, which encompassed familial disputes, aversion to change, and the imperative for strategic decision-making. Succession strategies encompassed the proactive identification of prospective successors, implementation of mentorship initiatives, and establishment of external collaborations as means to address these difficulties.

4.1.3. Interpretation of Quantitative Data

The primary objective of the quantitative data analysis was to gain a comprehensive understanding of the interrelationships among crucial variables within the frameworks of Activity Systems and Business Networks. The study included regression analyses to investigate the influence of many factors, including family dynamics, leadership transition, business networks, decision-making processes, and succession strategies, on the overall achievement of family business succession.

**Table 3** Regression analysis results

Variable	Coefficient	p-value	Interpretation
Family Dynamics	0.28	0.045	Positive relationship with succession success
Leadership Transition	0.20	0.072	Marginally positive relationship with succession success
Business Networks	0.35	0.021	Significant positive relationship with succession success
Decision-Making Processes	0.18	0.094	Marginally positive relationship with succession success
Succession Strategies	0.42	0.012	Significant positive relationship with succession success

The table displays the variable under consideration. The coefficient and p-value are two important statistical measures used in academic research. The coefficient represents the estimated effect or relationship between two variables, while the p-value indicates the statistical

Family dynamics examines the interactions, relationships, and patterns of behavior within a family unit. It explores the various factors that The values 0.28 and 0.045 are given. A positive correlation between the quality of a connection and the likelihood of achieving success in succession planning has been observed.

Leadership transition. The values provided are 0.20 and 0.072. There exists a somewhat positive correlation between the level of success in succession planning and the overall success of an organization.

Business networks refer to the interconnected relationships and connections between various entities within the business world. These entities can include individuals, organizations, and The values provided are 0.35 and 0.021. There exists a notable positive correlation between the variables of interest, namely succession and its associated success.

Decision-making. The values 0.18 and 0.094 are being considered. There exists a somewhat positive correlation between the level of success in succession planning.

Succession. There is a statistically significant positive correlation between the variables and the success of succession.

The findings of the regression analysis suggest that there exists a positive correlation between family dynamics, leadership transition, business networks, decision-making processes, and succession strategies, and the overall success

of family business succession. Business networks and succession planning have been found to have substantial positive effects.

#### 4.1.4. *Synthesis of Research Results*

The integration of qualitative and quantitative findings was undertaken in order to obtain a full understanding of the succession process in family businesses. The study revealed that external forces exerted effect on the interconnected activity systems present in family firms, with business networks assuming a pivotal role. The challenges that were found in the theme analysis were effectively resolved by implementing the success strategies that were discovered in the quantitative analysis. This highlights the significance of engaging in external collaborations and making strategic decisions.

#### 4.1.5. *Conclusion*

This section provided an overview of the findings derived from the study of the data, which involved the integration of theme analysis of qualitative data with quantitative regression analyses. The results of this study offer useful insights into the complex dynamics of succession in family businesses, as analyzed through the lenses of Activity Systems and Business Networks frameworks. The subsequent chapter will delve into the ramifications of these findings, offering suggestions for family-owned firms as well as potential avenues for further research.

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## 5. Conclusion

In summary, this research has examined the intricate dynamics of succession in family businesses using the frameworks of Activity Systems and Business Networks. The complex character of succession within family-owned firms is highlighted by the interconnections between internal activity systems, the effects of leadership transitions on decision-making processes, and the implications for the preservation of family values and heritage. The findings of the study are consistent with prior research, so strengthening the importance of comprehending these internal dynamics in order to facilitate successful succession planning.

Moreover, the research has underscored the crucial significance of external business networks in the context of succession planning inside family businesses. The influence of external contacts, collaborations, and partnerships on succession outcomes has been identified as a significant component in the interconnection of family-owned firms. The presence of this external influence enhances the ability of family firms to withstand challenges and adjust during the process of succession, aligning with previous research in this field.

The identification of favorable correlations between family dynamics, leadership transition, business networks, and overall succession success offers useful insights for both scholars and professionals in the field. The study highlights the utilization of an integrated approach to effectively tackle issues in family business succession through strategic planning. This approach provides a comprehensive framework that enables individuals to navigate the intricate nature of this process.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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