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**FACTORS AFFECTING THE INTENTION OF THE NEXT
GENERATION TO CONTINUE FAMILY BUSINESS IN
FINLAND**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 12386 words from the introduction to the end of conclusion.

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ABSTRACT

Family businesses represent significant part of global businesses and therefore are important part of the global economy. Many times, family businesses struggle handing on the business on to the next generation. Studies conducted from successor's perspective are limited and therefore this thesis focuses on the successor's perspective and what influences the successor's intention to continue the family business. Aim of the thesis is to analyse the effects of certain factors on the next generation successors' intention to continue family business in Finland. The thesis adapts mixed research methods. Online questionnaire and interviews are used for data collection and the data is analysed with inferential statistics determining strength of relationships between the variables and predictors of the dependent variable. Qualitative data is analysed for finding more explanatory reasons behind the relationships. Results from the study indicate that there is statistically significant relationship between commitment and the successor's intention. Especially affective commitment and identification to the family business is important in the succession process. Motivation and predecessor's trust in successor do not predict the successor's intention level, however results indicate that successors find intrinsic motivation more important than extrinsic motivation. All the independent factors have statistically significant relationship between 3rd generation successors' intention level which means that 3rd generation successors are the most sensitive and critical successor generation in the succession process.

Keywords: Family business, generational change, succession process, successor, motivation, predecessor's trust, commitment, intention

INTRODUCTION

Family business owners usually have emotional attachment to their family business, and they want to keep the business as a family business. There are several reasons why the founders want to pass the business on to the next generation, but the main reasons are giving opportunity for children to develop, keep the family together and the continuation of family traditions. The goal family business owners have, is to hand over the family business to the next generation as better and hopefully bigger, than when themselves received it (Ward, 1987).

Family businesses construct a major part of the global businesses but still studies have found that only 30% of family businesses survive and are passed on to the second generation (Gagné *et al.* 2021; Venter *et al.* 2015). Only around 13% of family businesses are passed on to the third generation. Considering the economic impact of family businesses, the challenge of longevity is an important matter which needs to be addressed and propiate ways for enhancing family businesses' longevity are needed. Literature on family business succession planning is already comprehensive but literature on motivations behind continuing generations is limited (Chan *et al.* 2020; Venter *et al.* 2015; Chanchotiyan and Asavant, 2020). Gagné *et al.* (2021) have pointed out that especially motivational factors are important when building an understanding of family business succession.

In succession process, the successors are important and so it is important to understand the factors behind the successor's intention to continue the family business as well. Whom to pass on the family business if the successor is not willing to continue it? Mahto and McDowell (2018) have also noticed that limited research has been conducted on understanding the motivations of entrepreneurs and so it is difficult to understand the whole entrepreneurial process. Literature about which factors have contributed to, slowed down, or hindered the continuity and growth of family businesses in Finland can be found but these issues have been considered only to a limited extend from the successor's perspective. There is not much research presented on the factors which can affect the successor's decision to choose family business as their career path either. It is important to expand the literature to not only from the business owner's perspective but especially from the

successor's perspective. Aim of the thesis is to analyse the effects of certain factors on the next generation successors' intention to continue family business in Finland.

Several tasks are needed to be conducted in order to accomplish the research aim. Those are:

- providing theoretical background on the research area and based on the existing literature identifying factors which can affect the successor's intention to continue the family business.
- formulating hypotheses and designing survey for measuring the different factors.
- conducting inferential statistics analysis on the collected data, to determine the strength of the relationship between the factors.
- analysing qualitative data and conducting interviews for deeper examination of the factors
- propose recommendations based on the research findings

By family business in the thesis is meant a business which majority ownership belongs to the members of the same family and at least one representative of the family is formally involved in the management or administration of the business. As all the respondents are part of Finnish family business association, they are considered to be the next generation successors of their family businesses.

The research adapts mixed methods. Quantitative research method includes data collection through web-based questionnaire and inferential statistics analyses on the collected data. The questionnaire was sent to Finnish family business successors which represent at least second generation in their family business resulting in a sample of 35 family business successors. The questionnaire included statements with 5-point likert scale, and the collected data was subject to Spearman's rho correlation coefficient test and linear regression analysis. Qualitative data was collected in the survey and interviews were conducted as well. Qualitative method is applied to gain more deeper explanations of the factors.

The thesis is divided into four parts. The first part dives into the existing literature on family business succession and research model for inferential statistical analysis is formulated. The second part introduces the research methodology and presents the sample of the thesis. In the third part inferential statistical analyses are conducted. Spearman's rho correlation coefficient and linear regression results are presented, and qualitative data is analysed for further explanations for the

quantitative results. After analyses, research findings are discussed. The last part of the thesis includes conclusion, limitations of the research and suggestions for further research.

Findings of the thesis provide knowledge especially for family business predecessors. When gaining full understanding of the factors and how those can affect different successor generations intentions to continue the family business, the successor and the predecessor can make the succession process more suitable for them in that particular generational change process and ensure longevity in the family business.

1. THEORETICAL BACKGROUND

The following chapter presents the existing literature on family business succession and presents different models of succession processes. Lastly, in the chapter is introduced the proposed model for the research.

1.1. Family businesses

The definition of family businesses has been considered both internationally and in Finland. On the definition of a family business has not been fully achieved in the international debate consensus and therefore the definition of a family business has been noted to be problematic as it has been dependent on the context of every case. Working group consisting of ministerial level officials was set up and key task was to form a definition of a family business in Finland (Mandl, 2008).

Definition of the working group according to the proposal, a company is a family business under the following conditions:

1. The natural person (s) who set up the company or the natural person (s) who acquired the share capital of the company or their spouses, parents, children, or children's heirs have majority of the voting rights.
2. Majority of the votes cast may be indirect or direct.
3. At least one representative of the family or family is formally involved in the management or administration of the business.
4. Listed companies meet the definition of a family business if the founder of the company or the person who bought the company (share capital) or their family or descendants holds 25% of the voting rights produced by the company's shares.

Family businesses defined as above include enterprises that have not yet undergone the first generational change, as well as business names and self-employed persons, provided that there is a legally independent entity that can be transferred (Elo-Pärssinen and Wäistö, 2012; Hänninen, 2018).

Koiranen (1998) has also defined family business in the following way: ‘‘ A family business is 1) a business entity controlled and managed by one family, where 2) the functions of the family system and the business system are interactively combined and where 3) has occurred, is occurring and / or is expected to occur generational change in favour of family.’’

1.1.1. Characteristics of family businesses

Family businesses represent a form of ownership in which the company's policies and practices may differ from those of otherwise owned companies. Family businesses have been operating on a long-term basis for generations. This has been explained, for example, by the bond between the company and the family (Hänninen, 2018). Elo-Pärssinen and Talvitie (2010) stated that a family business combines entrepreneurship, ownership and family which makes a family business unique. The interaction between the family and the company and the tension between them arises when the family and the company have different reasons and goals for existence. In a family business, the owners have a face, it means that the owner feels personal responsibility for the quality of the service and products and the well-being of the staff. The reputation of a company is the same as the reputation of the owner, especially if the company can be associated with the owner, for example, by the same name (Elo-Pärssinen and Talvitie, 2010). In a family business, it is very usual that the values which are set by the founder often remain alive in the next stages of the company and the following generations make decisions based on these values.

Family capital theory is one theory which characterizes the uniqueness of family businesses. The starting point of family capital theory is the breakdown that family relationships create a unique way of organizing, different from other companies in many respects, manage and lead the company. The theory culminates in the unique competitive advantages of family businesses who rise from human and social resources (Työ- ja elinkeinoministeriö, 2009). Family capital is a resource, characterized by its use together with other factors of production and which extends to the investment of the enterprise personnel policy. The key task of family capital is to pass on knowledge, skills and experience to the company so that it can replace and complement other resources (Työ- ja elinkeinoministeriö, 2009).

In human resource management, term-based promotions, weak independence on decision making by personnel and improving family business relationships are typical characteristics in family businesses (Basko, Rodriguez 2009). Comparing to non-family businesses, family businesses have lower wage inequality among top management team (Ensley *et al.* 2007).

Considering financial characteristics of family businesses, family businesses often refuse to use external equity finance and avoid intermingling family and business finances. Family businesses rely in most of the cases on more conservative type of financing. These are for instance cash flow financing, bank loans and shareholders credits (Csákné Filep, J. and Karmazim, G, 2016). There are no comprehensive studies on the financial performance of family businesses compared to otherwise owned companies, as family businesses have not traditionally been distinguished from otherwise owned companies in the statistics (Hänninen, 2018). According to Lozano (2014), family businesses spending is conservative, flexible, and concerns more on long-term financial use. Lozano (2014) also points out that family businesses rarely practise investing which can slow down growth opportunities.

1.1.2. The importance of family businesses

80% of global business structures are family businesses and therefore it is the most frequently encountered business model in the world. It is inevitable also to mention that the global economic impact is significant. As mentioned before, family businesses have low rate of successful generational changes which impacts the local economies and employees (Gagné *et al.* 2021). Family businesses are important for employment, the local community, economic continuity, community spirit and social sustainability (Elo-Pärssinen, 2020). In Finland, family ownership is the most common form of ownership in small businesses. From small businesses in Finland, about 75% are family-owned. Family businesses employ about 40 percent of the workforce in the entire corporate sector (Tiessalo, 2021). The number of family businesses in Finland decreases as the size of the business increases; 38 per cent of medium-sized enterprises are family businesses and 20 per cent of large enterprises (Hänninen, 2018).

Study conducted by Työ- ja elinkeinöministerö (2009) found out that in Finland, family businesses proved to be more profitable in all size classes than non-family businesses. In particular, small family businesses, which employ at least one employee, proved to be clearly more profitable than small non-family businesses of similar size. Likewise, for all medium and large sized companies in the data, first-generation family businesses were clearly the most profitable.

Family businesses are also considered as important resource for innovation and so for the global economic development as well. Family businesses create new technological innovations as they want to utilize it and improve individuals' life quality (Zahra *et al.* 2004).

Study conducted by Block (2008) found that family companies are more attractive as employer than other types of companies. Family companies avoid large job cuts which make them more stable companies and attractive to employees. The same study presented an observation on a point that also family managers stand on the same point in company downturns (Block 2008). In particular, family businesses that have made one or more generational changes keep employment stable even in downturns (Alimov *et al.* 2018).

As a result of aging, generational changes are increasingly emerging in family businesses and success of these generational changes have and great economic importance, especially in Finland. Generational changes are perhaps the most difficult to implement because it involves financing, taxation and in addition to legal issues, sometimes even more difficult social, moral, and cultural factors. Employment and well-being are partly dependent on generational change success especially regionally and locally (Työ- ja elinkeinoministeriö, 2009).

1.2. Generational change

1.2.1. Generational change process

Nowadays, succession is not considered as one-off event, but it is more of a process, which takes place over time. Generational change is a technical process, but above all it is a mental process too. Both of these processes need to go through for a generational change to succeed. In the process needs to be involved not only the predecessor and successor but also all other stakeholders whose support is indispensable for the successor (Buckman *et al.* 2019). The family business can be transferred in a generational change during the lifetime of the predecessor, or it is transferred to his or her successors after his or her death.

In family businesses, successors are usually sought first from a close circle: one's own family or close relative. Its members have usually grown up with the company, learned the values of the company and the transferor at an early age, and perhaps also gained personal experience working in the company. The owner has known the successor for a long time and is perhaps followed his development for a longer time, from a successor's point of view (Elo-Pärssinen and Wäistö, 2012). Typical situation is probably that there may already be some idea about the successors, but there

has been no discussion or at least no clear agreement. Usually, the parties have ideas and their own expectations about generational change and transfer of responsibilities (Elo-Pärssinen and Wäistö, 2012).

Several studies have found that succession planning have positive impacts on succession (Ahmadi Zahrani *et al.* 2014; Basly and Saunier 2019). It has also been indicated that factors including family’s commitment to the family business, and the successor’s initiative to take over have direct impact on succession planning (Ahmadi Zahrani *et al.* 2014). In the same study was found that first generation family businesses are more likely to develop and adapt strategy for post generational change too. Succession planning is most likely to take place from the successor’s initiative (Ahmadi Zahrani *et al.* 2014). The degree of how effective the family business’s succession process is, is impacted by the level of overall satisfaction on the family business’s succession process (Basly and Saunier 2019).

The process of succession planning is unique for every family business, but framework built around succession process can provide some guidance on the optimal use of succession process and ensuring longevity of the business (Löhde *et al.* 2020). Löhde *et al.* (2020) highlighted in their study that flexibility is important factor in a succession planning process as family businesses and the family environment is subject to constant change which needs continuous consideration.

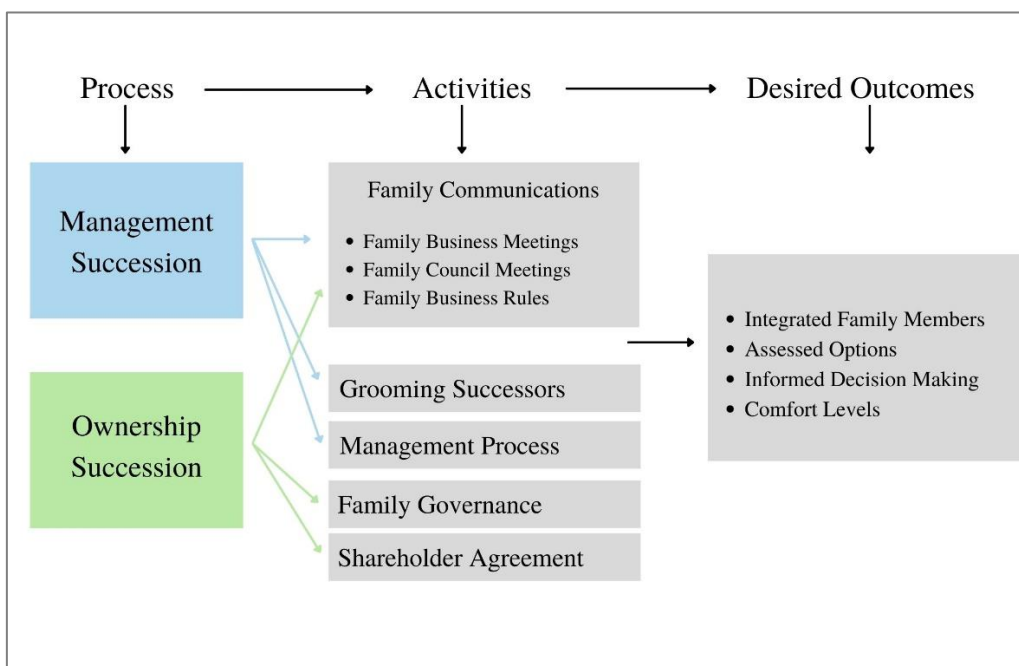


Figure 1. Family business succession planning process model

Source: Walsh (2011) <https://assets.kpmg/content/dam/kpmg/pdf/2015/07/3468-succession.pdf>

Walsh (2011) has built a model around family business succession planning process (see Figure 1). He has stated that the succession plan needs to be divided into two processes. One side considers 'management succession' and the other 'ownership succession'. Both processes contain numerous activities which help to achieve the desired succession outcome.

Proposed activities by Walsh (2011) in the model are designed to get family members more integrated to the management and ownership succession process. Aim of the activities is also to make the included family members more comfortable with the process and possible outcomes. Walsh (2011) stressed in his model that especially communication activities are important factor of successful outcome of the process. Before ownership succession activities, Walsh (2011) strongly suggest that management activities are conducted in order to have clear communication between family members.

Alternatively, Murray (2003) has divided succession process into 7 stages. These are:

1. Preparation
2. Trigger
3. Disengagement
4. Exploration
5. Choice
6. Commitment
7. Implementation

The first stage is preparation the family business to a generational change. Second stage means that high pressure triggers the generation change for a start. Third stage is needed for calming down the change process and it usually lasts from six to 18 months. In the fourth stage parties involved will explore the situation and analyse how it is going. In the fifth stage after exploration, it is expected the company to find solution and make a choice and then the process moves towards the end. In the last two stages the company commits to the choice and completes the generational change process. (Murray, 2003)

In this research, activities conducted in the beginning of succession process are under the radar as those are the most critical stages which affect the successor's intention to continue the family business.

1.2.2. Factors affecting succession

Venter, Boshoff and Maads (2005) have identified factors which affect the succession process in a family business and proposed a model based on their research. The model is illustrated in figure 2.

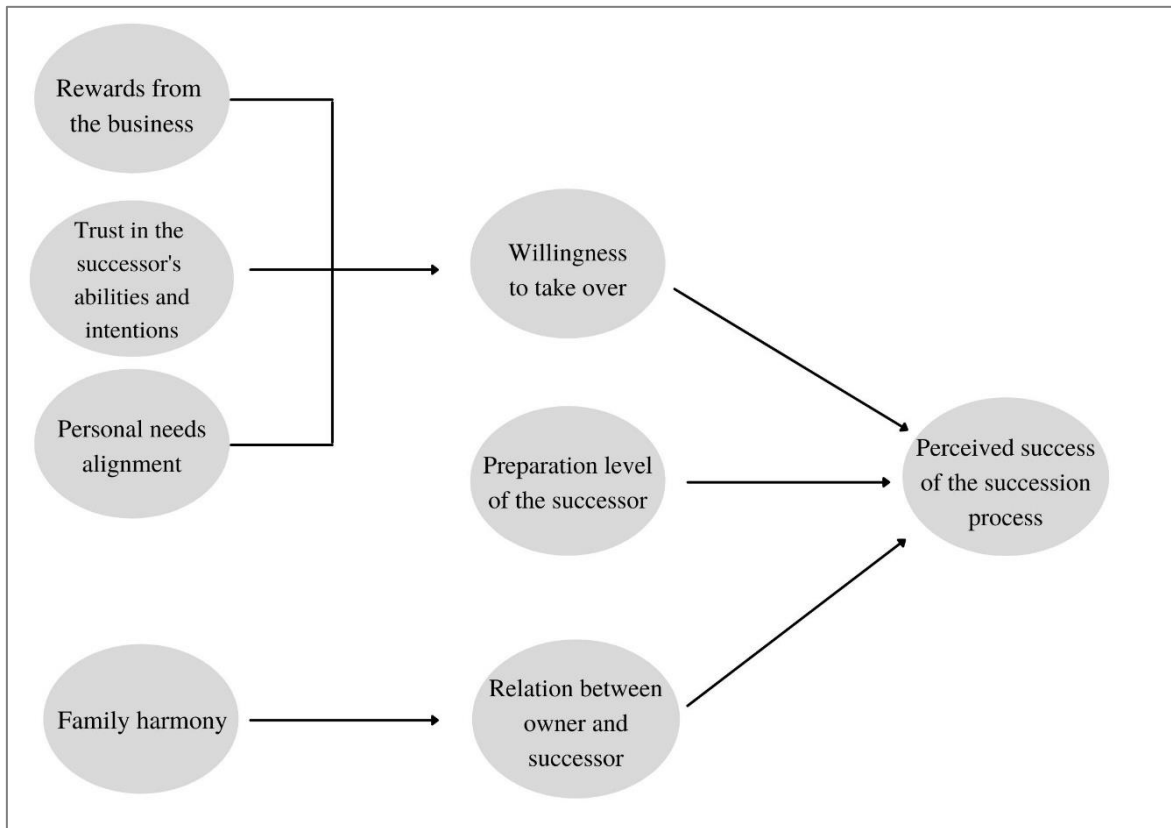


Figure 2. Model of successor related factors which affect successful succession
Source: Venter *et al.* (2005)

The model proposes that the successor's willingness to take over the family business is the most important factor affecting the succession process and the continued profitability of the business (Venter *et al.* 2005). Findings on external preparation level, meaning, having example previous work experience outside the family business, have a positive influence on the succession process. Last factor identified from the research was that good relationships in the family, especially between the owner and successor have a positive influence on the succession process as well (Venter *et al.* 2005). Handler (1991) as well had made the same finding on family relationship but specified that the relationship can be built with the business founder or with the current owner, and it had impact on the successor's experience of the succession. Vice versa if the relationship between the different generations is problematic it can have negative impact on the succession (Handler 1991). Basly and Saunier (2019) studied the same factors and concluded in their study

that weak family influence can discourage the next generation or possible successor from joining the family business as the family member will not feel identification with the company. Emotional attachment was found to be one important factor affecting the family member's identification to the family business (Basly and Saunier 2019). Akhmedova, Cavallotti and Marimon (2018) have found that especially for daughters, ethical motivation, meaning the motivation to help family is important factor as well, which influences the commitment towards working in the family business.

Based on Garcia *et al.* (2018) research, commitment to the family business does not refer to commitment to the family but rather it is a state of mind which drives the next generation successor towards managing the family business. Engagement in the family business is positively affected by commitment to family business, but commitment to family may eventually prevent the engagement in the family business as the possible successors wants to avoid family conflicts (Garcia *et al.*, 2018). Wennber, Bau, Hellerstedt and Nordqvist (2013) have identified four types of commitment that affect the successor's career intention in the family business. These are: affective, normative, calculative, and imperative. Affective commitment is an emotional attachment towards the family business, the successor shares the same values as the family business and so feels that he or she is able to make a significant impact in the business. Normative commitment concerns the successor's feeling of obligation and so he or she will join the family business in order to be loyal and continue the family heritage. Calculative commitment refers to desire of wealth which the successor's feels that he or she can achieve in the family business. Imperative commitment otherwise concerns the fear of missing out and risk of being unemployed (Wennberg *et al.*, 2013)

Dou *et al.* (2020) highlight the importance of socialization and role modelling in the development process of next generation entrepreneurs in entrepreneurial families. Their data indicate that especially the second generation acquire several values, including moral and competence values, from the first-generation entrepreneur. Opportunity recognition is also ability that the second generation is most likely to learn from the first-generation entrepreneur. Konopaski, Jack and Hamilton's (2015) study also revealed that family bonds and engaging generations in different social situations is important factor for ensuring continuity in the family business. The next generations legitimacy and importance for the continuity of the family business increases through knowledge and experience sharing.

As Don *et al.* (2020) highlighted the role of role modelling, Mahto and McDowell (2018) as well found that having entrepreneurial parents and having them as role models enhances the probability of the children to become entrepreneurs as well. Several other studies in different countries have also suggested that having high entrepreneurial exposure enhances individuals' entrepreneurial motivation. Overall, it seems that family structure and parental background have significant effect to a successor's motivation to continue a family business.

Parental support seems to have positive influence on career development. Although, in family businesses parental support can be seen inappropriate as then parents can purposely guide their children toward to continue the family business despite the children's career interests (Chan *et al.* 2020). Studies have found that parental support fosters motivation and positive self-efficacy

1.2.3. Challenges in generational change

Generational change is always a unique situation for every company and even for the same company every generational change is different. That is what makes it particularly challenging and it cannot be practiced earlier.

In the context of succession process, not all family members can have all the possible information needed at hand. Information asymmetry is a likely threat in the process and so Schell *et al.* (2020) have raised a concern how can family businesses deal with the arising problem. Generally, people working in the family business are from different generations can it raise a problem of these different generations having different personal goal, personalities, and expectations (Chanchotiyan and Asavanant, 2020). Not forgetting that family members from the same generation might compete with each other which can raise issues in family relationships and do harm for the family business.

As in many countries, but especially in Finland, taxation, company law and inheritance law issues pose challenges for generational change. The law provides facilitations for generational change through specific relief provisions. The relief provisions ensure that the continuity of the business is not jeopardized by income tax or inheritance and gift tax when the assets are transferred as a trade, inheritance or gift to the going concern (Valtti, 2018). Despite the possible reliefs in the taxation, inheritance tax is still seen as the biggest barrier in Finland to transfer the family business to the next generation. Inheriting the family business may cause millions of debts to the next

generation which they could not be able to afford and so the family business may have no choice but to sell the business outside the family.

Often, the reluctance of the predecessor to transfer control is perceived as a major challenge to the generational change of the family business. The predecessor may not believe in the successor's ability to run the business successfully and is thus reluctant to move into the background. In this case, the transferors often remain in the company even after the generational change (Lp and Jacobs, 2016).

1.3. Entrepreneurial motivation and intention

1.3.1 Entrepreneurial motivation

Gagné *et al.* (2021), define motivations as: “the source of energy driving the intensity, direction, and duration of behaviour”. They have also identified two types of motivation. Intrinsic motivation refers to an activity that the individual enjoys doing, is interested in and inherent satisfaction is gained from the activity. On the contrary side is extrinsic motivation. This motivation is derived from avoiding of punishment or obtaining rewards and so there is instrumental reason behind the motivation (Gagné *et al.*, 2021).

Shane *et al.* (2003) suggested in their research that all motivation affects individual's entrepreneurial process and so it also influences successor's succession process in family business. The magnitude of how each motivational factor influences the process is dependent on the variables and characteristics of each succession process. The stage of the process has also impact on the effect of motivational factors. In early stage of succession process motivational factor can have major impact but in the later stage of the process the same factor might not have impact on the process at all (Shane *et al.* 2013).

Motivation can also be described as individual's expectancy that certain intended action will occur as a lead from certain effort (Mónico, Carvalho, Nejati, Araya and Parreira, 2021). Entrepreneurial motivation is a one cause which leads to entrepreneurial intention. If individual's entrepreneurial motivation is improved, it will enhance the likelihood of entrepreneurial intention and so support also the whole entrepreneurial process (Mónico *et al.* 2021). Having entrepreneurs in the family has positive influence on descendants' entrepreneurial motivations.

Tošović and Jovanović (2021) have also pointed out that entrepreneurship is intentionally planned behaviour which is affected by motivation and cognition. Mónico *et al.* (2021) argued that it is more important to identify an individual's entrepreneurial motivation than trying to identify entrepreneur's personality traits.

1.3.2. Entrepreneurial intention

Entrepreneurial intention has many definitions. It can be described as conscious state of mind which need action and effort and eventually carries out entrepreneurial behaviour. It can also be individual's mental state which indicates strong commitment towards entrepreneurial action in the future (Tošović and Jovanović, 2021). Mónico *et al.* (2021) suggest entrepreneurial intention to be an individual's desire to take risk and seize opportunities in order to become entrepreneur. Inclination towards entrepreneurial actions is also considered as entrepreneurial intention.

Krueger and Brazeal (1994) stated that there must be intention in order to be able to improve entrepreneurial behaviour. They also pointed out that without motivation there cannot be entrepreneurial intention and so entrepreneurial motivations have impact on entrepreneurial intention,

Not all intentions will result in entrepreneurial behaviour and no action will be taken without intention. Therefore, it is important to find factors influencing entrepreneurial intention as without it, it is hard to stimulate entrepreneurial behaviour.

1.4. Hypothesis development

Based on the previously presented literature, null hypotheses and suggested alternative hypotheses are formed. Aim of the thesis is to analyse the effects of certain factors on the next generation successors' intention to continue family business in Finland.

First hypothesis considers successor's motivation and willingness to continue the family business. As Shane *et al.* (2003) have suggested, motivations have impact on entrepreneurial process and the following null hypothesis suggests that there is no relationship between successor's motivation and successor's intention to continue the family business. Alternative hypothesis is formulated as well. Both intrinsic and extrinsic motivations are considered, and the significance of both motivation types is separately examined as well.

H₀: There is no relationship between successor's motivation and intention to continue the family business.

H₁: There is relationship between successor's motivation and intention to continue the family business.

Deutsch (1960) has argued that trust can be equated to having confidence in someone that he or she is able to do the expected tasks. This is an important factor in succession as the predecessor needs to trust the successor in order to hand over the family business to the successor. Many organizational psychology literatures and studies suggest that trust can have positive impact to many behavioural and performance outcomes (Colquitt *et al.* 2007). Trust can make the successor feel competent and autonomous. If trust is not received, the successor can feel incompetent and lack of confidence for succession (Gagné *et al.* 2021). Therefore, the following null hypothesis is to be tested and alternative hypothesis is formulated.

H₀: There is no relationship between predecessor's trust in successor and intention to continue the family business.

H₂: There is relationship between predecessor's trust in successor and intention to continue the family business.

In organizations, committed employees identify with the values and goals of the company and so will feel stronger belonging to the business. Same case is with family businesses. Core family

values develop the commitment to the family business (Carlock and Ward, 2001). As family and the family business are continuously intersected, emotions and affections come into play and shapes the successor's commitment to the business (Basly and Saunier, 2019). All four, affective, normative, calculative and imperative commitments are examined. Therefore, the last hypothesis is formulated:

H₀: There is no relationship between commitment and intention to continue the family business.

H₃: There is relationship between commitment and intention to continue the family business.

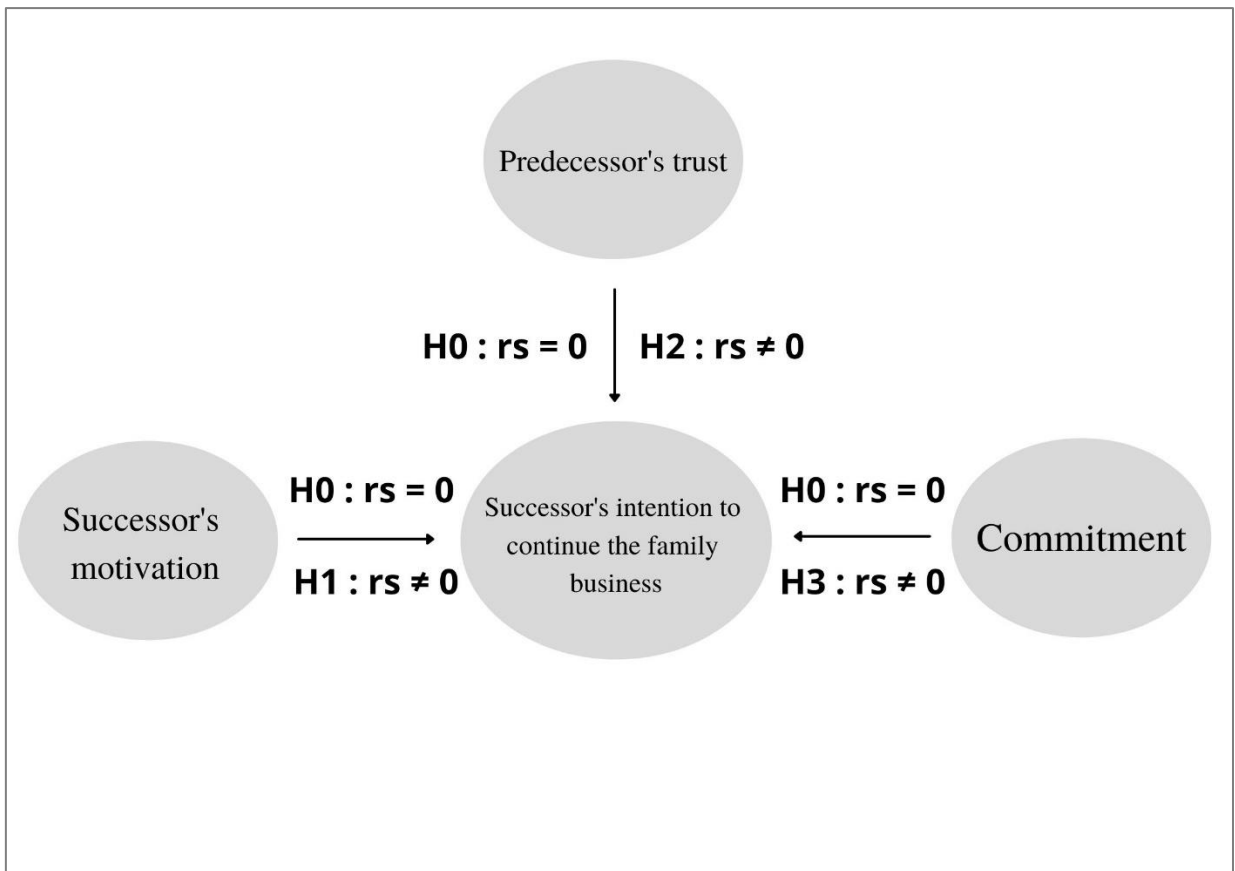


Figure 3. Proposed model for research

In the figure 3 is presented the proposed model for the research. The next chapter presents the methodology which is used for the proposed model of the research and tools for achieving the research aim.

2. RESEARCH METHODOLOGY

The following chapter presents the research methods used and data collecting method in the research. The chapters explain how the data was collected and which tools are used for the data analysis in this research.

2.1. Research design

The research applies mixed methods, which include quantitative, and qualitative research methods. Aim of quantitative research is to identify and isolate variables in the research and it is done by seeking correlation between proposed factors, and so, the research focus is on testing of theories (Bryman and Bell, 2011). The quantitative method favours the collection of facts and behavioural causes through careful isolation, measurement, and evaluation of various variables, with a focus on predictability and management over time (Park and Park, 2016). Inferential statistics and hypothesis testing are common methods used in quantitative research. Qualitative method is used for further investigation of the factors. It helps to get more deeper and subjective understanding of the data. Interviews are combined with the survey results to provide deeper examination of the factors affecting the successors' intention.

For data collection, survey and interviews were used. Park and Park (2016) have stated that survey enables finding out characteristics of a larger group of people. Several statements for measuring successor's motivation, commitment and predecessor's trust influencing next generations successor's intention to continue family business were developed. Survey needs a theoretical model and the model for the research was presented in the Figure 1.3. Krosnick and Presser (2009) emphasize wording and ordering of the questionnaire questions as important part of data collection to minimize error, therefore for the questionnaire development, some of already established scales and statements were exploited.

Independent variables in the research are the successor's motivation, predecessor's trust, and successor's commitment. Dependent variable is the successor's intention. Aim is to examine if there is relationship between the independent variables and the dependent variable with the help of inferential statistics and hypothesis testing. Correlation coefficient is used to determine the strength of the relationship between the variables. With the help of descriptive statistics, collected

data will be summarized and organized with tables, percentages, and charts as well. Qualitative data is analysed in order to find more explanatory reasons behind the correlations.

To be able to examine motivation, commitment and trust factors, in the questionnaire were presented different statements and the respondents were asked to indicate their level of agreement on a 5-point likert scale. The successor's level of intention was asked to be indicated on likert scale as well. Likert scale is the most commonly used tool for collecting data and measuring attitude or opinion (Zaman *et al.*, 2020).

2.2. Data collection

As mentioned earlier, the data was collected through online questionnaire using Google Forms which was distributed through Facebook group and through WhatsApp group. The Facebook and WhatsApp groups consisted of next generation successors who are part of Finnish family business association. Online questionnaire is a more flexible way to collect data and it allows to reach more possible respondents than traditional paper questionnaires or telephone surveys. The questionnaire was conducted in English to avoid harming the already established models and scales as well as errors of interpretation while translating the questions and answers to other language. After questionnaire data collection, two interviews were conducted. These interviews aimed to collect more understanding of the collected quantitative data. The interviews were conducted face to face in Finnish, and both were audio recorded as well.

The data consisted of questionnaire responses and two interviews from family business successors and possible future successors working in different family businesses in Finland. The respondents were assured that their data was collected anonymously, and it was used only for the purpose of the research.

Respondents were asked to fill out the questionnaire only once and only one from the same family business was allowed to answer the questionnaire (if there were multiple successors working at the same time) in order not to violate the assumption of independence

2.2.1. Structure of the survey

In the questionnaire was presented different statements to which the respondents were asked to indicate their level of agreement with the statements on a 5-point likert scale (1 = strongly disagree, 5 = strongly agree). Most people are familiar today with likert scales which was originally developed in 1932 by Rensis Likert.

To be able to measure the relationship between the variables and achieve the research aim, total of 27 statements were presented. Aim of presenting several statements of the same item is to get more accurate measure of the respondent's opinion, attitude or behaviour. 10 statements concerning motivation were presented, from which five statements measured intrinsic motivation and other five extrinsic motivation. These statements were developed by exploiting Guay's *et al.* (2000) developed situational motivation scale which measure intrinsic and extrinsic motivation.

12 statements about commitment were presented. Four statements measured affective commitment, one statement calculative commitment, another four normative commitment and three statements imperative commitment. Affective and normative statements were developed exploiting on Allen and Meyer's (1990) presented commitment scales. For commitment statement development were exploited Sharma and Irving's (2005) model of "Four Bases of Family Business Successor Commitment" and Dawson *et al.* (2014) research on next generation family members' commitment as well.

Lastly was presented five statements about predecessor's trust. As in the research trust is measured by the confidence and ability level the successor's experiences, the statements exploited aspects of Mayer and Davis's (1999) developed measures of trust and Colquitt's (2007) research.

Last two questions in the questionnaire were open-ended questions, aiming to collect the respondents' own thoughts and feelings why they have started working in the family business and why they have wanted to become successors of their family businesses.

Table 1. Summary of survey design

Exploited instruments and studies	Variable measured	Scale	Total items
Situational motivation scale (Guay <i>et al.</i> 2000)	Motivation	5-point Likert scale 1 (strongly disagree) to 5 (strongly agree)	10
Commitment scale (Allen and Mayer, 1990), Four Bases of Family Business Successor Commitment (Sharma and Irving, 2005), Dawson <i>et al.</i> (2014)	Commitment	5-point Likert scale 1 (strongly disagree) to 5 (strongly agree)	12
Measures of trust (Mayer and Davis, 1999), Colquitt (2007)	Predecessor's trust	5-point Likert scale 1 (strongly disagree) to 5 (strongly agree)	5

Source: Author's own contribution

Questionnaire questions and are presented in appendix 1.

2.2.2. Interviews

The interviews conducted were semi-structured. Some questions were prepared beforehand for guiding the interviews. Semi-structured interviews allow flexibility to ask different questions from different interviewees and in different order (Bryman and Bell, 2011). Questions were not given to the interviewees beforehand, but the interview topic was known. Interviews were audio recorded and transcribed. Both interviews lasted around 20 minutes.

Interview questions are presented in appendix 3.

2.3. Sample size

The sample is an important factor in research. The sample needs to be well-defined so it can be used for generalization and representation of the whole population (Park and Park, 2016). The targeted respondents of this research were at least second generation who are already working in their family business in Finland. The reason for this focus is that as most of family businesses fail

to succeed until the second and third generation it is important not to delimit the respondents to only one generation, but to collect data also from third and possible fourth generation successors who have already had successful generational change.

The questionnaire reached 220 people and 35 valid responses were collected to the questionnaire. The response rate was 15,9%. In addition to the survey, two interviews with successors were conducted. It is acknowledged that the sample is smaller than the author expected. Pielsticker and Hiebl (2020) have found that response rates in family business research tend to be lower than in general management research. Which can affect the low response rate in family business surveys is that as the surveys are intended for family members working in higher level of the corporate hierarchy in the company, studies have found that owner-managers' willingness to respond to the surveys is a lower than people' working at lower levels of corporate hierarchy (Pielsticker and Hiebl, 2020). Delice (2010) has noted that when having relational survey design the sample size should not be less than 30. As the author aims to look at the relationship between the variables in the study, the sample size is noted to be sufficient for the research.

2.3.1. Characteristics of the sample

Table 2 presents the gender distribution between the respondents. Most of the respondents, are representing male gender and female gender amounted to 13 of the totals of 35 respondents. Therefore, the results of the research are more biased from the perspective of the male successor respondents.

Table 2. Respondents' gender distribution

Gender	Frequency
Female	13
Male	22
Total	35

Source: Based on author's collected data

Presented in table 3, 25 to 35 years old successors represent majority of the data. Nine of the respondent successors are aged between 36-45. Only one of the respondent successors was under 25 years old. Mean age of the respondents is 31,4. As the age distribution mostly falls between 25 to 35 years old, the data represents young successors.

Table 3. Respondents' age distribution

Age	Frequency
Less than 25 years	1
25-35	25
36-45	9
Total	35

Source: Based on author's collected data

Table 4 presents distribution of different successor generations amongst the respondents. 2nd generations successors cover majority of the respondents, but 3rd and 4th generations are well represented in the sample as well. Only three of the respondents were not yet successors of their family business but are currently working in their family business. All successor generations are widely represented and so perspectives of different generations are, as well, included in the data.

Table 4. Respondents' successor generations

Successor generations	Frequency
Not yet successor	3
2nd generation successor	14
3rd generation successor	9
4th generation successor	9
Total	35

Source: Based on author's collected data

Majority of the respondents are full time working in their family business and only 3 are part-time working in their family business (see Table 5.). It can be concluded that all respondents are actively involved in their family business functions.

Table 5. Respondents' working status distribution

Working status in the family business	Frequency
Full time working	32
Part-time working	3
Total	35

Source: Based on author's collected data

Table 6 presents the respondents' family business sizes. Almost half of the respondents' family businesses are categorized as medium-sized companies. There is equal distribution between small-sized and large-sized companies. Two of the respondents' family businesses are categorized as small businesses. Here the sample represents different sized companies and is not biased towards one sized company.

Table 6. Respondents' family business size distribution

Employed people by the family business	Frequency
1-9	2
10-49	8
50-249	17
Over 250	8
Total	35

Source: Based on author's collected data

The interviewees were both male. Other interviewee represented 2nd generation successor and he had been working in the family business almost 30 years already and is 55 years old. The other one was 3rd generation successor who was not yet owner of the company but have been working in the family business full-time 2 years and is 26 years old.

2.4. Method of data analysis

Data analysis is done by using Microsoft Excel and Data Analysis Toolpak add on in Excel and with IBM Statistical Package for Social Scientists (SPSS) version 28 programme. Pearson's coefficient, Spearman's rho correlation coefficient and Kendall's tau coefficient are the most popular coefficients to use in this kind of research. For choosing the right method for data analysis, several items need to be assessed. Firstly, we need to take a look on the Likert data. There are two types of Likert data suggested by Boone and Boone (2012) and these are: Likert-type items and Likert scales. They suggest that Likert scale data which describes personality trait or attitude should be analysed as interval data but as interval scale is usually assumed to be equally spaced and it is hard to ensure it on Likert scale data, then the collected data can be treated as ordinal as well.

As stated, it cannot be assured that the Likert scale levels are equal, meaning that difference between 'strongly agree' and 'agree' is the same between 'strongly disagree' and 'disagree', the data in the research is treated as ordinal data. It is suggested that when the two variables to be tested are ordinal, Spearman's rho correlation coefficient is efficient measure of association (Bryman and Bell, 2011; Kothari 2008). Spearman's rho correlation does not require normal distribution and it is not sensitive to outliers in the data, which are observations that lie apart from the majority of the data. In many cases, outliers can affect the inferential statistics computed from the data but as Spearman's rho correlation is not sensitive to outliers it still enables to obtain valid results and it is appropriate measure for the research (Liu and Zumbo, 2007). Parametric statistics are not suggested to be used when the Likert scale data is ordinal (Uz Zaman *et al.*, 2021). Parametric test statistics cannot be used either in cases when correlation of each question response on a 5-point scale. As Likert scale is being measured, therefore Spearman's rho correlation was supported to be appropriate non-parametric correlation measure. For data analysis and hypothesis testing, linear regression was as well utilized. Thematic analysis was conducted on the qualitative data for further investigation of the factors and correlations.

2.5. Research quality

Quality of a research can be measured and evaluated through validity and reliability. When the research is valid and reliable the creditability of the research increases, and the research's outcomes can be deemed more valuable.

2.5.1. Validity

Validity is important factor of a research as it ensures that the obtained data is appropriate and it can be measured with the intended measuring instrument (Sürücü and Maslakci, 2020). As the response rate in the research is low and the data sample due to that is small as well, it raises doubts on the validity of the sample. As a result of low involvement in questionnaire research, response quality may suffer which can lead to non-response error and coverage error.

2.5.2. Reliability

Reliability can be referred as stability of the measurement instrument. If research is considered as reliable, the same results would be given at different times (Sürücü and Maslakci, 2020). Of course, the results are dependent on different factors affecting at the measuring time so it cannot be assured that the results are always exactly the same (Heale and Twycross, 2015).

Cronbach's alpha can be used for evaluating internal consistency reliability and it is the most common method for measurement (Heale and Twycross, 2015). Cronbach's Alpha of the research is 0,667 (see Table 7.). The value is interpreted as that the internal consistency of the scale is acceptable.

Table 7. Results of Cronbach's Alpha

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0,667	0,714	28

Source: Author's calculations based on the collected data

In the next chapter is included results of hypothesis testing, descriptive statistics of the results and further discussion of the research findings.

3. RESULTS

In the following chapter is presented inferential and descriptive statistics are used for analysing the collected research data. Discussion of the research findings is included in the chapter as well.

3.1. Analysis of the research data

From the collected data was removed all partially filled and irrelevant answers. 35 responses were detected as relevant for the research. In order to analyse the collected data, the respondents' likert scale answers were coded to numerical values:

- strongly disagree (1),
- disagree (2),
- neither agree or disagree (3),
- agree (4),
- strongly agree (5).

Data was analysed with Microsoft Excel and IBM SPSS Statistics version 28 programme. Spearman's rho correlation coefficient values range between -1 and +1. The sign and magnitude of the coefficient indicates the strength of the association between the two variables and the direction as well. -1 indicates perfect negative correlation and vice versa, +1 indicates perfect positive correlation. Evans (1996) has suggested the boundaries for the absolute value of the coefficient. This way it is possible to classify the strength of the relationship.

The used classification is following:

- 0.00-0.19 – very weak,
- 0.20-0.39 – weak,
- 0.40-0.59 – moderate,
- 0.60-0.79 – strong,
- 0.80-1.0 – very strong.

Confidence level is set to 95%. This means that if $p < 0,05$, the result is considered to be statistically significant. If $p > 0,05$, there is no statistically significant relationship. It is important to note that

statistical testing never proves the null hypothesis to be correct. The evidence is either sufficient to reject the null hypothesis or insufficient.

The assumption of the scale level is important as it sets the restrictions on which tools can be used for analysing the data. In the research, the collected data is treated as ordinal data and it cannot be measured the average of an opinion as it does not have any meaning, consequently the mean cannot be used as the measure of central tendency in the research either (Tutz, 2021). Therefore, the median is preferred to be used.

During statistical interpretation, errors can happen which in turn can influence the research results. Type I error occurs when null hypothesis is rejected even when there is no significant relationship between the variables. In the research type I error is minimized by setting the significance level of alpha to 0,05. Type II error occurs when it is concluded that there is significant relationship between the variables and null hypothesis is accepted when in fact, there is significant relationship. Probability of type II error occurring in the research is minimized by using non-parametric statistical test. (Smith, 2012; Bryman and Bell, 2011)

3.1.1. Respondents' intention level

Amongst the respondents (see Figure 4.), clear majority, 85,7% have very high or high intention to continue his/her family business. Only four of the respondents, 11,4%, have moderate intention and only one stated the intention to be low. None of the respondents' stated that they have no intention to continue his/her family business.

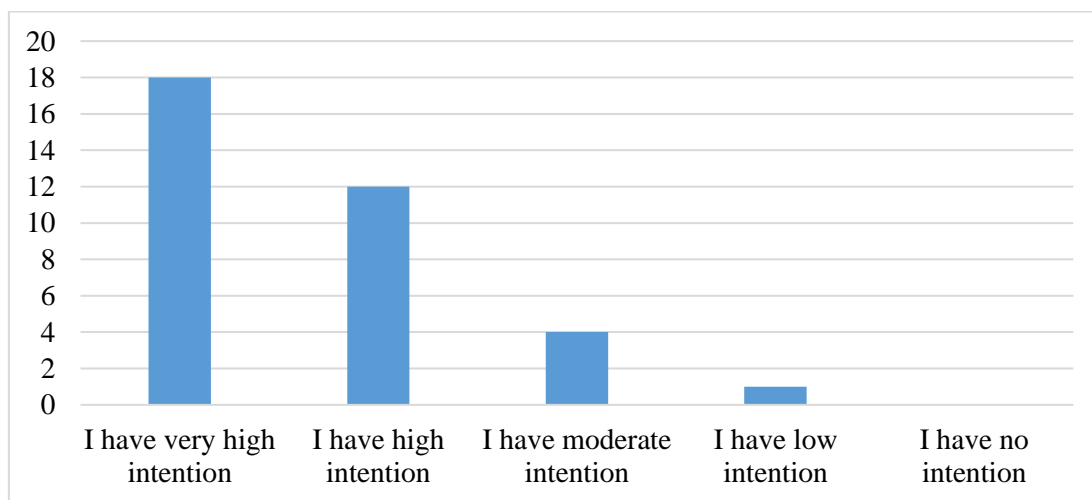


Figure 4. Respondent's indicated level of intention to continue the family business
Source: Based on author's collected data

Looking at figure 5, most of the 2nd and 4th successors indicated that their level of intention is on a very high level. 3rd generation successors represent the majority responses on the high level of intention. 2nd and 4th generation successors answers on having high level of intention. 2nd and 3rd generation successors indicated few responses on having moderate level of intention. One response on the low level on intention came from respondent who was not yet successor in his/her family business. None of the 4th generation successors indicated having moderate or low intention, so overall intention is highest amongst the 4th generation respondents.

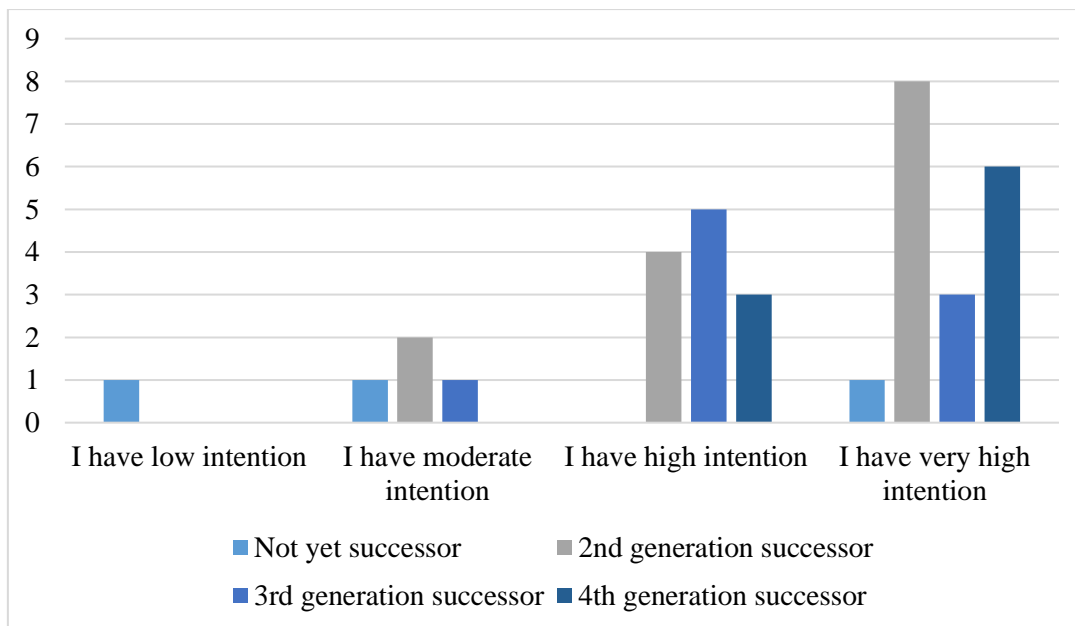


Figure 5. Generation distribution on the indicated level of intention
Source: Based on author’s collected data

Intention level was coded into numerical values as well. The lowest number (1) indicated ‘‘have no intention’’ and the highest number (5) indicated ‘‘have very high intention’’. The median of the responses is 5 (see Table 8.). It can be suggested that the next generation successors’ intention to continue the family business is on a very high level. The distribution is highly negatively skewed and there is leptokurtic dispersion.

Table 8. Summary of descriptive statistics of the level of intention

Level of intention	
Mean	4,343
Standard Error	0,136
Median	5,000
Mode	5,000
Standard Deviation	0,802
Sample Variance	0,644
Kurtosis	0,668
Skewness	-1,083

Source: Author's calculations based on the collected data

3.1.2. Analysis of successor's motivation related to intention level

In the table 9 are provided descriptive statistics of the respondents' results on the motivation statement. Results of intrinsic motivation indicate that most of the respondents agreed and strongly agreed with the statements. Respondents agreed less with the extrinsic motivation statements as the median of the responses is 3, compared to median 5 of intrinsic motivation. Deviation from the mean is bigger in extrinsic motivation as we can see that the responses vary from 1 to 5, than in intrinsic motivation responses vary only from 3 to 5.

Table 9. Calculated descriptive statistics of motivation statement responses

Scale	Minimum	Maximum	Mean	Median	Mode	Standard deviation
Intrinsic motivation	3	5	4,6	5	5	0,6
Extrinsic motivation	1	5	3,1	3	3	0,9

Source: Author's calculations based on the collected data

As mentioned, Spearman's rho correlation was used for correlation analyses and determining the strength and statistical significance of the relationship. In the table 10 are presented the relationships between the statements and successors' intention level.

Table 10. Results of Spearman's rho correlation between motivation and successor's intention

Spearman's rho	Statement	N=35	
	S1	Correlation Coefficient	
	Sig. (2-tailed)		0,020
S2	Correlation Coefficient		0,374*
	Sig. (2-tailed)		0,027
S3	Correlation Coefficient		0,395*
	Sig. (2-tailed)		0,019
S4	Correlation Coefficient		0,067
	Sig. (2-tailed)		0,702
S5	Correlation Coefficient		-0,138
	Sig. (2-tailed)		0,430
S6	Correlation Coefficient		-0,372*
	Sig. (2-tailed)		0,028
S7	Correlation Coefficient		-0,038
	Sig. (2-tailed)		0,830
S8	Correlation Coefficient		0,156
	Sig. (2-tailed)		0,370
S9	Correlation Coefficient		-0,081
	Sig. (2-tailed)		0,645
S10	Correlation Coefficient		-0,124
	Sig. (2-tailed)		0,479

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author's calculations based on the collected data

All the statements present very weak or weak relationship between the successor's motivation and intention to continue the family business (see Table 10.). Statement 3, 'I enjoy working at our family business', shows the highest correlation coefficient value (0,395), and the p-value is 0,019 which indicates that, $p < 0,05$, and there is statistically significant relationship between the variables. Statement 1, 'I am glad to be working in our family business', also shows weak relationship (0,392) and there is statistically significant relationship as the p-value is 0,020. Statistically significant relationship can be seen also in statement 2, 'I am satisfied to be working in our family business', as the p-value is 0,027. Last statement which shows statistically

significant relationship is the statement 6, "I feel pressured to work in our family business". The relationship here is negative and weak, but the p-value (0,028) indicates statistically significant relationship. Looking at statements from 6 to 10, we can see implications towards negative correlations between extrinsic motivation and successor's intention.

Statements from 1 to 5 measured intrinsic motivation and statements 6 to 10 measured extrinsic motivation. In accordance with the information provided in the table 9, the statistical analysis between motivation and intention level show similar results as there are more significant correlations presented between intrinsic motivation statements and successor's intention than between extrinsic motivation statements. From the results can be concluded that intrinsic motivation is more important factor affecting intention than extrinsic motivation.

3.1.3. Analysis of predecessor's trust on successor related to intention level

The responses to statements about predecessor's (see Table 11.) trust vary from 1 to 5. Although, the median is 4, so it indicates that there are few outliers in the data. Most of the respondents indicated their level of agreement to 4, 'agree'.

Table 11. Calculated descriptive statistics of predecessor's trust statement responses

	Minimum	Maximum	Mean	Median	Mode	Standard deviation
Predecessor's trust	1	5	3,9	4	4	0,8

Source: Author's calculations based on the collected data

Results of the Spearman's rho correlation between the variables are presented in the table 12 on the next page.

Table 12. Results of Spearman's rho correlation between predecessor's trust and successor's intention

Spearman's rho	Statement		N=35
	S23	Correlation Coefficient	
		Sig. (2-tailed)	0,093
S24	Correlation Coefficient		0,263
		Sig. (2-tailed)	0,127
S25	Correlation Coefficient		-0,224
		Sig. (2-tailed)	0,195
S26	Correlation Coefficient		0,434*
		Sig. (2-tailed)	0,009
S27	Correlation Coefficient		0,010
		Sig. (2-tailed)	0,953

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author's calculations based on the collected data

Statement 26, "I feel competent to make decisions in our family business", shows the highest correlation. Correlation coefficient 0,434 indicates that there is moderate relationship between the variables. Statistically significant relationship is also backed up by the p-value (0,009) which

means that $p < 0,05$. In case of the other statements, only weak or very weak relationship between the variables is seen and no statistically significant relationships are indicated.

3.1.4. Analysis of commitment related to intention level

Table 13 provides descriptive statistics of statement results measuring four different types of commitment. The highest median is seen in case affective commitment, and it can be concluded that majority of the respondents indicate the level of agreement to 5, ‘strongly agree’. The median of imperative commitment is only 1, none of the respondents agreed with the statements. Respondents’ responses range from 2 to 5 in case of calculative commitment statements, although the median is 4, which indicates that majority of the respondents agreed with the calculative statements.

Table 13. Calculated descriptive statistics of commitment statement responses

Scale	Minimum	Maximum	Mean	Median	Mode	Standard deviation
Affective commitment	3	5	4,7	5	5	0,5
Normative commitment	1	5	3,4	3,5	3	1
Calculative commitment	2	5	4,4	4	5	0,7
Imperative commitment	1	3	1,1	1	1	0,4

Source: Author’s calculations based on the collected data

On the next page, in the table 14 are presented the result of the Spearman’s rho correlation conducted on the variables.

Table 14. Results of Spearman’s rho correlation between commitment and successor’s intention

Spearman's rho	Statement	N=35	
S11	Correlation Coefficient		-0,229
	Sig. (2-tailed)		0,186
S12	Correlation Coefficient		0,182
	Sig. (2-tailed)		0,296
S13	Correlation Coefficient		0,405*
	Sig. (2-tailed)		0,016
S14	Correlation Coefficient		0,195
	Sig. (2-tailed)		0,260
S15	Correlation Coefficient		0,662*
	Sig. (2-tailed)		0,000
S16	Correlation Coefficient		0,161
	Sig. (2-tailed)		0,355
S17	Correlation Coefficient		0,176
	Sig. (2-tailed)		0,312
S18	Correlation Coefficient		0,307
	Sig. (2-tailed)		0,073
S19	Correlation Coefficient		0,288
	Sig. (2-tailed)		0,094
S20	Correlation Coefficient		0,045
	Sig. (2-tailed)		0,799
S21	Correlation Coefficient		-0,171
	Sig. (2-tailed)		0,326
S22	Correlation Coefficient		0,122
	Sig. (2-tailed)		0,486

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author’s calculations based on the collected data

Statement 15, ‘I want to be loyal and continue our family business’, shows the highest correlation amongst the statements. The correlation coefficient of 0,662 indicates that there is strong relationship between the variables. P-value (0,000) shows as well that there is statistically significant relationship. Statement 13, ‘I feel that I am able to make impact in our family business’, shows moderate relationship between the variables as the correlation coefficient is

0,405. It can be concluded from the p-value (0,016) as well, that there is statistically significant relationship. Rest of the statements weak or very weak relationship between the variables.

From the commitment statements which indicated statistically significant relationship, statement 13 measured affective commitment and statement 15 measured normative commitment.

3.1.5. Analysis of independent factors related to different generations' intention

In the following tables is presented the results of Spearman's rho correlation between the independent variables and different generations' intention.

Correlation between motivation, commitment and predecessor's trust and the 2nd generation successors' intention shows that there are very weak correlations between the variables (see Table 15.). The relationship between motivation and successor's intention is negative, other relationships between the variables are positive. No statistically significant relationships can be seen in any of the cases as $p > 0,05$.

Table 15. Results of 2nd generation successors (N=14)

Spearman's rho	Motivation	Correlation Coefficient	-0,111
		Sig. (2-tailed)	0,706
Spearman's rho	Predecessor's trust	Correlation Coefficient	0,143
		Sig. (2-tailed)	0,625
Spearman's rho	Commitment	Correlation Coefficient	0,085
		Sig. (2-tailed)	0,773

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author's calculations based on the collected data

When looking at table 16, where the relationship between motivation, commitment, predecessor's trust, and 3rd generation's intention is measured by Spearman's rho correlation, it can be seen that there is strong positive relationship between all the factors and 3rd generation successors' intention to continue the family business. Highest correlation (0,792) is seen between motivation and 3rd generation's intention. All relationships indicate that, $p < 0,05$, and there is statistically significant relationship.

Table 16. Results of 3rd generation successors (N=9)

Spearman's rho	Motivation	Correlation Coefficient	0,792*
		Sig. (2-tailed)	0,011
Spearman's rho	Predecessor's trust	Correlation Coefficient	0,679*
		Sig. (2-tailed)	0,044
Spearman's rho	Commitment	Correlation Coefficient	0,704*
		Sig. (2-tailed)	0,034

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author's calculations on the collected data

Lastly, looking at the results of 4th generation successors. Relationship between 4th generation successors' intention and motivation show weak and negative relationship (see Table 17.). Relationship between the intention and predecessor's trust shows as well weak but positive relationship. The relationship between intention and commitment shows moderate and positive relationship but it is not statistically significant. As all p-values are higher than 0,05, it means that no statistically significant relationships are indicated in the results.

Table 17. Results of 4th generation successors (N=9)

Spearman's rho	Motivation	Correlation Coefficient	-0,234
		Sig. (2-tailed)	0,544
Spearman's rho	Predecessor's trust	Correlation Coefficient	0,350
		Sig. (2-tailed)	0,356
Spearman's rho	Commitment	Correlation Coefficient	0,562
		Sig. (2-tailed)	0,115

*Correlation is significant at the 0.05 level (2-tailed)

Source: Author's calculations on the collected data

3.1.6. Linear regression analysis; Dependent variable: Successor's intention

Table 18 presents results of the linear regression analysis. Looking at the percentage of R^2 , it indicates that motivation factor explains only 0,4% of the variability in successor's intention. Predecessor's trust explains 1,1% and commitment explains 13,4% of the variability in successor's intention. Next, looking at the table and results of $Pr > F$, it can be concluded that the model is validated only on commitment factor. This means that commitment is statistically significant and predicts the dependent variable. In case of motivation and predecessor's trust, the factors do not bring significant information on predicting the dependent variable.

Table 18. Linear regression analysis

	Motivation	Predecessor's trust	Commitment
R^2	0,4%	1,1%	13,4%
Mean squares	0,080	0,239	2,943
F	0,121	0,364	5,127
$Pr > F$	0,730	0,550	0,030

Source: Author's calculations on the collected data

In the table 19 is provided more information of the independent variable predicting the dependent variable. Here we can conclude that as the p-value is 0,03 ($p < 0,05$), the null hypothesis is rejected and alternative hypothesis H_3 , can be accepted.

Table 19. Model parameters; Dependent variable: successor's intention; Independent variable: commitment

Source	Coefficient	Standard error	t	$Pr > t $	Lower bound (95%)	Upper bound (95%)
Intercept	2,679	0,746	3,590	0,001	1,161	4,196
Commitment	0,428	0,189	2,264	0,030	0,043	0,813

Source: Author's calculations on the collected data

3.1.7. Analysis of open-ended questions and interviews

Three main aspects came up, when analysing the qualitative data. Four of the respondents mentioned that their parent had a role in the succession process. The responses were: *'Having entrepreneur father'*, *'encouragement from parent'*, *'parent making it possible to choose your own path'*, *'parent kept close to the family business'*. Former studies have suggested that have as well suggested that having good relationship between the owner and successor can positively influence the succession. From this research the successor's relationship between the family was as well identified as influencing factor amongst the respondents when thinking whether to continue the family business. From interviews came up as well, that the parent did not pressure to start working in the family business but rather encouraged to do what the successors feel they want to do.

Secondly, seven of the respondents' mentioned about learning and growing around the family business. *'I grew up around the company'*, *'I grew into the role'*, *'learning to know the company'*, *'knowhow over the family business'*, *'understand the roots of our family business'*, *'I became aware of the long legacy'*, *'it seemed natural to come to work in our family business when I had been involved since I was young'*. As correlation analyses indicated, here, affective commitment is as well seen to influence the intention to continue the family business amongst the respondents. Especially identification to the family business is created through learning to know the family business. Growing around the company naturally enhances the emotional attachment to the family business. Both interviewees said that especially when they started working in a manager role, it made them feel that they work in their own company even though they were not yet owners of the companies.

Finally, the respondent's brought out the aspect of the company's potential, impact, and desire to grow the business. Eight of the respondents mentioned that they want to grow the business, or they see that the business has positive impact on the current market. The answers were: *'The company has a good chance of making positive impact on the surrounding society'*, *'creating value for society'*, *'with the products and services of the company help fight climate change etc. makes literally lives better for everybody around the world'*, *'passion to grow the business even bigger'*, *'growth potential'*, *'future potential of the firm'*, *'desire to take our family business to the next level'* and *'to make decisions that will generate growth'*. These answers appeared most frequently amongst 2nd generation successors. However, no one mentioned about the profitability

of the family business. When the interviewees were asked about if they think their family business is a good business and did it affect the decision to start working there, both answered that they did not think about the money or profitability of the family business at that point. Same was found from correlations that there was not significant relationship between extrinsic motivation which means that the motivation does not arise from outside factors.

In the next subchapter are summarised research results.

3.1.7. Summary of research results

Table 20. Hypothesis testing results

Hypotheses	Decision	Results
H ₀ : There is no relationship between successor's motivation and intention to continue the family business.	Accepted	No statistically significant relationship between successor's motivation and intention to continue the family business was found.
H ₀ : There is no relationship between predecessor's trust in successor and intention to continue the family business	Accepted	No statistically significant relationship between predecessor's trust and intention to continue the family business was found.
H ₀ : There is no relationship between commitment and intention to continue the family business.	Rejected	Statistically significant relationship between commitment and intention to continue the family business was found. Null hypothesis is rejected, and alternative hypothesis (H ₃) is accepted.

In the table 20 are summarised the results of hypothesis testing. Enough statistically significant evidence against H₀: "There is no relationship between successor's motivation and intention to continue the family business" was not found ($0,730 > 0,05$), and so the null hypothesis was accepted. H₀: "There is no relationship between commitment and intention to continue the family business", was accepted based on the similar conclusion that no statistically significant evidence against the null hypothesis was found ($0,550 > 0,05$). The last null hypothesis H₀: "There is no relationship between commitment and intention to continue the family business" was rejected as statistically significant evidence was found, ($0,030 < 0,05$), and the alternative hypothesis H₃:

“There is relationship between commitment and intention to continue the family business” was consequently accepted.

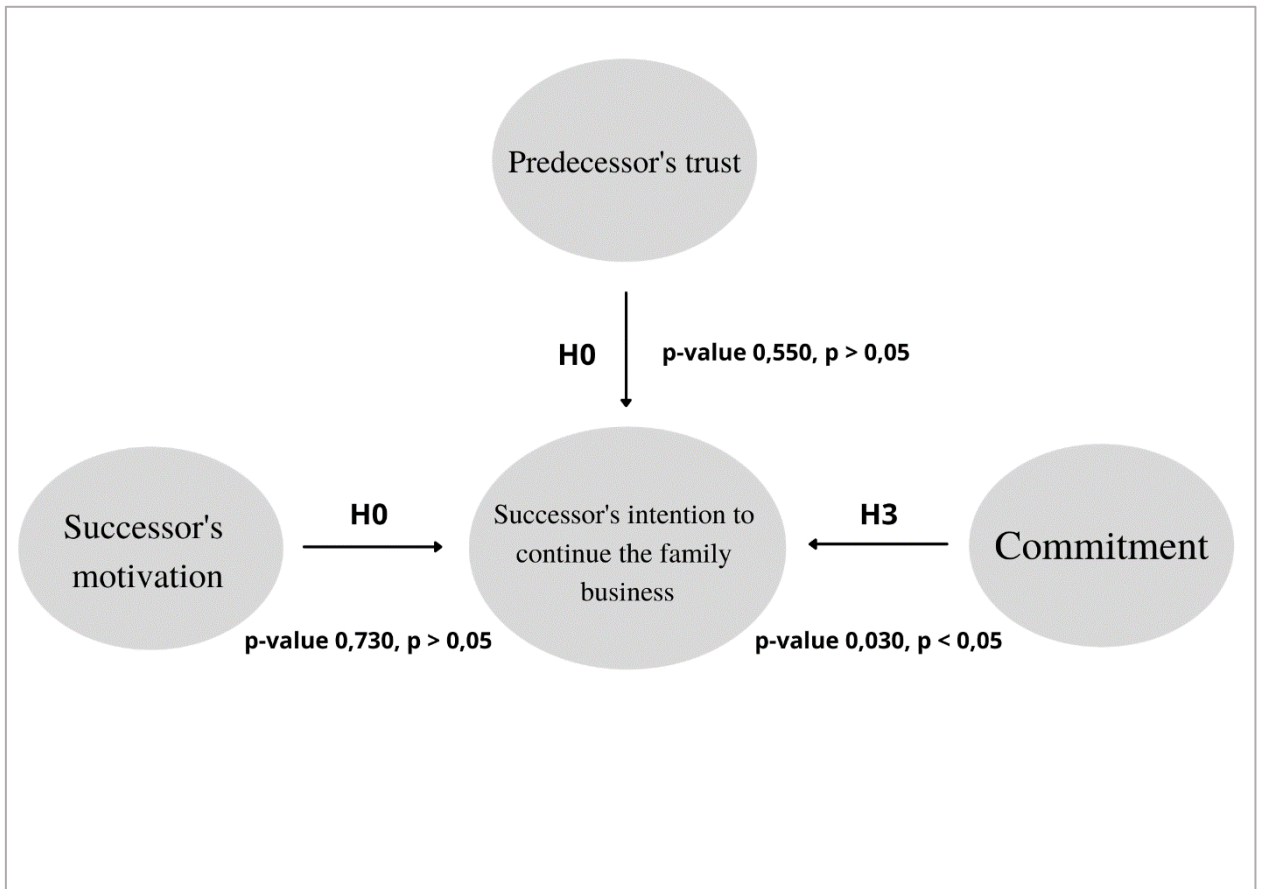


Figure 6. Results of proposed research model

Figure 6. presents the research results on the research model that the study exploited. In the next chapter, the research results are discussed in a more deeply matter.

3.2. Discussion of research findings

From the data the author was able to draw conclusion that the next generation successors' intention to continue their family business was on a high level. Taking deeper look at the generation distribution on the level of intention, it can be seen that most of the 2nd and 4th generation successors have very high level of intention to continue the family business. As literature have indicated that only 13% of the family businesses are passed on to the 3rd generation (Chan *et al.* 2020), same kind of implications can be seen from this research's results. 3rd generation seems to be the critical generation which determines the succession of the family business, as mentioned, 2nd and 4th generation have very high intention to continue the family business, 3rd generation successors' level of intention is lower. If the family business has already been passed on to the 3rd generation, the results of the research suggest that the transition of the family business to the 4th generation does not depend on the level of intention of the 4th generation successor, as the intention to continue the family business grows again in the case of 4th generation successors.

Research findings indicate that the successor's commitment towards the family business have positive relationship between the successor's intention to continue his/her family business. Successor's commitment to the family business plays a role on predicting the level of intention to continue the family business. As presented in the theoretical background, four different types or commitment were identified. Affective commitment, meaning that the successor believed that he or she is able to make impact in the business and normative commitment, feeling obligated and wanting to be loyal were recognized as having the strongest relationship between the intention. Growing around the family business and learning about the family business was identified to be important in the succession process. When you grow around the family business, affective commitment naturally increases as well. Basly and Saunier (2019), support the findings as well, as they state that affective commitment, especially emotional attachment to the family business affects the succession process positively. Based on the findings it can be suggested that young family business successors in Finland base their decisions of whether to continue the family business or not, more on emotional thinking rather than on rational thinking.

Commitment towards family business also means sharing the same goals, values, and visions as the family business. Li Qi *et al.* (2021), have recognized that having common visions and working towards commons goals promotes successful succession in family businesses. In 1994, Lansberg and Astrachan have suggested as well, that the driving force of successful succession is

establishing common visions which matches the next generation's wishes. Despite previous studies have found positive relationship between the factors, the author did not find any statistically significant relationship between the next generation successor's intention and sharing the same values as the family business or willingness to contribute to the family business's goals. This can be partially explained by the fact that in corporate world, not many employees know what the company's values actually are. According to Puohiniemi (2003), all companies are guided by some values, even if it is not conscious. Values need to be identified and put into words and if possible, it is especially important in family businesses to include the successor when identifying these values. Rather, qualitative data indicated that the successors set their own goals on developing the business and place value on how the company can possibly help the society rather than follow the goals that the predecessor had set.

As presented in the theoretical background, predecessor's trust in the research was measured by the degree of confidence and competence to make decisions that the successor feels that he or she has in the family business. Many studies have revealed that confidence and the predecessor's belief that the successor is competent to continue the family business, have great influence on succession. Li Qi *et al.* (2021), for instance pointed out that the lack of successor's competence is the main cause of succession failure. Gagné *et al.* (2021), as well, supported the viewpoint that autonomy support and confidence affect the succession outcome. Despite most of the respondents were successors in their family business, the author did not find relationship between these variables. The author did not collect data about how long the successors have been successors in the family business, it will need further investigation if this influences the importance of predecessor's trust in the succession process. However, qualitative data revealed that the successors find it important that they feel that they have a choice to choose their own career and what they want to do, rather than the predecessor would guide the successor.

The author was able to find many statistically significant positive correlations between statements about intrinsic motivation and the successor's intention. Similar findings were presented by Gagné *et al.* (2021). They found in their study that successor's intrinsic motivation was the strongest predictor of succession. Despite the significant correlations in intrinsic motivation statements, the author could not find statistically significant evidence that motivation will predict the successor's intention. As it was seen that four out of five statements of extrinsic motivations showed negative correlation between the intention to continue the family business. Qualitative analyses shows as well that profitability of the family business before succession is not influencing next generation's

succession decision. It can be concluded that in most of the cases, family business successors in Finland are not motivated by outside factors example earning money, getting recognition, and gaining power but the motivation arises from the individual's enjoyment and satisfaction towards working in the family business.

The 3rd generation successors were identified as the only generation that indicates statistically significant relationship between all the factors (motivation, commitment, predecessor's trust). As the 3rd generation was recognized to be the critical turning point of family business succession, and the results indicate that all the factors are the most correlated, especially with that generation, it can be concluded that 3rd generation's intention is the most sensitive for these factors. When passing on the family business to the 3rd generation, the predecessor's need to consider the effect of these factors more carefully when planning the succession process for ensuring the continuity of the family business. This proves that any developed best practises for succession planning and succession process cannot be applied to all successor generations.

CONCLUSION

Family businesses face challenges in succession process and passing on the business to the next generations. The thesis aimed to address some research gaps in the succession literature from the successor's perspective and analyse the effects of certain factors on the next generation successors' intention to continue family business in Finland.

The research was carried out as mixed method, including quantitative and qualitative methods. The research data was collected through online questionnaire and interviews. In the first part of the thesis was presented existing literature on the field and based on the literature, research model for the thesis was formed. For the research model was identified three factors, motivation, predecessor's trust, and commitment. Measuring the effect of these factors on the successor's intention, three different hypotheses were formulated, which were subject to Spearman's rho correlation coefficient test and linear regression. As tools for the data analysis were used IBM SPSS software and Microsoft Excel. Qualitative data was analysed to find out more explanatory reasons behind the correlations.

Overall, Finnish family business successors seem to have high intention to continue their family businesses. There are considerable differences between the intention level of 3rd generation successor compared to 2nd and 4th generation successors. The main research findings indicate that 3rd generation successors are more sensitive to the factors presented in the research than 2nd or 4th generation successors. Emotions play big part of successors perspective on the continuity of family business and the successor's motivation mainly arises from intrinsic factors. Very weak positive relationship between motivation factor and successor's intention was indicated but no statistically significant evidence was found. The relationship between predecessor's trust and successor's intention was positive but weak. In this case no statistically significant evidence was found either. Even though only weak positive relationship was found between commitment and successor's intention, the author was able to find statistically significant and it was concluded that there is relationship between the factors. Growing around and learning about the family business naturally increases the commitment.

The results provide useful knowledge which can be applied to create effective and actionable succession plans for the family business to ensure longevity and sustainability. This information

as well provides peer support for other predecessors and successors who are in the planning phase of their succession process.

Limitations of the research need to be acknowledged. The major limitation of the research is the sample size, which is relatively small for conducting statistical analyses. The small sample size might lead to type II error in hypothesis testing, as statistical analysis may not have the power to reveal the possible underlying effect from the sample that would be recognized as statistically significant evidence. Second limitation arising from the small sample is that it is probable that the participating family business successors were not representative of the entire sample of family businesses in Finland.

Despite the limitations that the research faces, it still provides sufficient ground for future research to be conducted in the field. 3rd generation has been identified in this research and in previously conducted research as the critical generation which determines the family business succession. Future research could focus on that particular generation to obtain more specific information of the critical success factors that determines the 3rd generation successor's intention for continuing the family business. Focusing separately on the different successor generations could generate also valuable information on which factors affect the different generations intentions and the results could be more applicable.

The research collected data from different industries and so it is suggested for the future researchers to concentrate on specific industries for collecting data which could be appropriately adapted with each industry. In family businesses from different industries the potential difficulties of generational change can be different. Conducting longitudinal study could also generate valuable information from the successor's intention and if the intention will ultimately lead to the behaviour of continuing the family business.

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APPENDICES

Appendix 1. Online questionnaire for the research

Gender *

- Male
- Female
- Prefer not to say

Age *

Oma vastauksesi _____

Which of the following describes your situation the best? (you can choose multiple) *

- I am owner of our family business
- I am partial owner of our family business
- I am full time working in our family business
- I am part-time working in our family business

If you are already a successor of your family business, are you...

- 2nd generation successor
- 3rd generation successor
- 4th generation successor

How many employees your family business employs? *

- 1-9
- 10-49
- 50-249
- Over 250

Indicate your level of intention to continue your family business

I have no intent... I have low inten... I have moderat... I have high inte... I have very high...

I will continue o...

Indicate your level of agreement with the following statements

1 - Strongly disagree, 2 - Disagree, 3 - Neither agree or disagree, 4 - Agree, 5 - Strongly agree

I am glad to be working in our family business *

1 2 3 4 5
Strongly disagree Strongly agree

I am satisfied to be working in our family business *

1 2 3 4 5
Strongly disagree Strongly agree

I enjoy working at our family business *

1 2 3 4 5
Strongly disagree Strongly agree

I genuinely find it important to work in our family business *

1 2 3 4 5
Strongly disagree Strongly agree

...

I could enjoy being employed by other than our family business

1 2 3 4 5
Strongly disagree Strongly agree

I feel pressured to work in our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work in our family business in order to get recognition *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work in our family business in order to get paid and earn money *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work in our family business in order to gain more power and control in the business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work in our family business so the predecessor(s) of our family business can be proud of me *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel emotionally attached to our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I share the same values as our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel that I am able to make impact in our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I want to contribute to the goals that our family business has set *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I want to be loyal and continue our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work in our family business in order to maintain good relationship with the predecessor(s) of our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I think I should not work in other than our family business even if I would get other job opportunities *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

The predecessor(s) has worked so much so I think continuing our family business is the best thing to do *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I think our family business is a good investment and that is why I want to continue it *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I work at our family business because I have no other job *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I do not think I would be able to build a career outside our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I do not have the required skills to work elsewhere than our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel that I am allowed to make decisions in our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel confident while making decisions affecting our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel that I need to double check my decisions from the owner of our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel competent to make decisions in our family business *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel that most of my decisions in our family business are questioned *

1 2 3 4 5

Strongly disagree Strongly agree

Describe your thoughts and feelings

If you are not yet successor in your family business, answer only to the first question.

What do you think that has affected your decision to start working in your family business?

What do you think that has affected your willingness and intention to continue your family business and become a successor? (Answer only if you are already a successor)

Appendix 2. Statement codes

Statements measuring motivation:

Code	Statement
S1	I am glad to be working in our family business
S2	I am satisfied to be working in our family business
S3	I enjoy working at our family business
S4	I genuinely find it important to work in our family business
S5	I could enjoy being employed by other than our family business
S6	I feel pressured to work in our family business
S7	I work in our family business in order to get recognition
S8	I work in our family business in order to get paid and earn money
S9	I work in our family business in order to gain more power and control in the business
S10	I work in our family business so the predecessor(s) of our family business can be proud of me

Statements measuring commitment:

Code	Statement
S11	I feel emotionally attached to our family business
S12	I share the same values as our family business
S13	I feel that I am able to make impact in our family business
S14	I want to contribute to the goals that our family business has set
S15	I want to be loyal and continue our family business
S16	I work in our family business in order to maintain good relationship with the predecessor(s) of our family business
S17	I think I should not work in other than our family business even if I would get other job opportunities
S18	The predecessor(s) has worked so much so I think continuing our family business is the best thing to do
S19	I think our family business is a good investment and that is why I want to continue it
S20	I work at our family business because I have no other job
S21	I do not think I would be able to build a career outside our family business
S22	I do not have the required skills to work elsewhere than our family business

Statements measuring predecessor's trust:

Code	Statement
S23	I feel that I am allowed to make decisions in our family business
S24	I feel confident while making decisions affecting our family business
S25	I feel that I need to double check my decisions from the owner of our family business
S26	I feel competent to make decisions in our family business
S27	I feel that most of my decisions in our family business are questioned

Appendix 3. Interview questions

1. Which generation successor you represent?
2. How long have you worked in your family business?
3. How did you start working in your family business?
4. What do you think affected your decision to start working in the family business or to become a successor?
5. Why you wanted to become a successor?
6. When did you know you wanted to start working or continue the family business?
7. Did you grow around your family business?
8. Did you have knowledge about your family business before you started working there?
9. Did your parent(s)/predecessor encourage to work in your family business? Or did you feel pressured?
10. Did/do you feel competent to work in your family business or run your family business?
11. Did/do you think your family business is a good business? Why?
12. Do you think your relationship with the predecessor would have suffered if you would not continue your family business?
13. Do you feel that you can make decision independently?
14. Do you enjoy working in your family business?
15. Would you like to work somewhere else?

Link to interview transcribes: https://livettu-my.sharepoint.com/:w:/g/personal/apirho_ttu_ee/EXVhiHIrha1JIHhusSJnqJcBFEbW8qV5TM29bc_BZmPquA?e=khka6p

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