

THE REGENERATIVE POWER OF FAMILY BUSINESSES IN A DEVELOPING COUNTRY: A STUDY OF GOVERNANCE AND REGULATION

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Abstract

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Family businesses have been pivotal contributors to the economic boom in Asia, significantly enhancing the region's robust growth and development (Fang et al., 2021). In Thailand, family-owned businesses have been experiencing strong and rapid growth (Sethsathira & Satityathiwat, 2020). The objective of this research is to identify and analyze the critical factors that contribute to the successful regeneration and intergenerational transition of family businesses in Thailand, with the aim of ensuring their long-term growth, sustainability, and viability across generations. Utilizing qualitative methodologies, the research involved conducting in-depth interviews with a diverse sample of eight Thai family business owners to gather comprehensive insights. Content analysis was employed to interpret the collected data. The analysis identified critical factors for rejuvenation and sustained growth during generational transitions, highlighting four core themes: leadership transition strategies, the influence of cultural values and family dynamics, business continuity practices, and innovative capacity. These findings contribute to the literature on family business succession and offer practical insights for business owners and policymakers. The study underscores the importance of integrating traditional practices with modern governance and innovation to ensure smooth generational transitions and long-term sustainability.

Keywords: Family Business, Regenerate, Succession, Sustainability

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1. INTRODUCTION

Family businesses are considered a fundamental business model within every country's economic

system, particularly within the cultures of Asia. Thus, family businesses are a global phenomenon and are often seen as the backbone of economies worldwide (Bennedsen et al., 2022; Bornhausen, 2022).

Family businesses often grapple with the challenge of succession, and their approaches can significantly affect their evolution and competitiveness in global markets. For instance, in the United Kingdom (UK), family businesses have sometimes struggled to transition from personal capitalism, where ownership and control are not distinctly separated, to modern corporate structures that are more common in the United States (USA) and Germany. This evolution in the latter countries has involved the professionalization of management, with non-family executives taking on leadership roles, which has helped propel these nations to economic prominence. Succession in family businesses is a complex process that requires careful planning and execution. It is crucial for these businesses to incorporate competent leadership over familial relationships and to ensure that successors are as qualified as external candidates. This approach helps maintain business continuity and adaptability in changing markets. Moreover, successful family businesses are characterized by strong governance structures, long-term strategic planning, and lower financial leverage, which contribute to their sustainability and ability to weather economic downturns. Thus, while family businesses may be seen as conservative and resistant to change, those that adopt robust governance practices and embrace professional management can achieve success and longevity similar to their non-family counterparts (Bloch et al., 2010; Caspar et al., 2010; Drewniak et al., 2020; Rösen et al., 2021). Furthermore, inheriting a business is both an opportunity and a significant pressure for family business successors. They must not only sustain the business as previous generations did but also expand and innovate while preserving the legacy. Hence, professional management skills are essential for family successors to successfully transfer the business to future generations. Unfortunately, some businesses fail in this transfer, leading to collapse despite previous successes and expansions, a regrettable outcome if the business built by determined and dedicated ancestors cannot be sustained by future generations (Ali & Ali, 2018; Canovi et al., 2023; Combs et al., 2023; Zapata-Cantu et al., 2023).

In Thailand, family businesses have evolved into various forms, predominantly managed by individuals from the same family or clan, often resulting in robust and rapid growth. Many of these businesses are owned by Thai families of Chinese descent, who are among the most influential in the Thai capital groups. As Thailand's economy grows and the capital market continues to develop, these family businesses do not diminish or disintegrate. Instead, they expand, diversify, and remain a crucial cog in the ongoing economic and industrial development of Thailand. Moreover, the choice of succession strategies for family businesses varies, with the primary goal being to preserve and transfer wealth and reputation from one generation to the next. The shift in Thailand's economy from industrial-driven to technology, creativity, and innovation presents new challenges and opportunities for family businesses, including navigating economic slowdowns, pandemics, currency fluctuations, labor shortages, and digital transformation. While transitioning to digital is not new for businesses today, the method of making this transition smoothly and successfully is a new

challenge for Thai family businesses (Cherdchai, 2020; Raoprasert, 2020; Sethsathira & Satityathiwat, 2020; Sukamdani, 2023).

Given its significance, succession in family businesses is a critical issue with significant implications for their long-term stability and growth. Despite its importance, many family businesses encounter substantial challenges during generational transitions, which can undermine their sustainability and evolution. However, research on their regenerative capacities — particularly in Thailand — remains limited. Existing literature tends to focus on the mechanics of succession, often overlooking broader factors related to regeneration and long-term success. To address this gap, this study aims to study the regenerative capacity of Thai family businesses, specifically focusing on succession dynamics. The objective of this research is to identify and analyze the critical factors that contribute to the successful regeneration and transition of family businesses in Thailand across generations, with the aim of ensuring their long-term growth and viability. The central research question:

RQ: What factors are critical for the successful regeneration and transition of family businesses in Thailand across generations to ensure long-term growth and viability?

Using a qualitative approach, in-depth interviews were conducted with a diverse sample of eight Thai family business owners, and content analysis was employed to analyze the data. The analysis identified four key themes crucial to rejuvenation and sustained growth during generational transitions: leadership transition strategies, the influence of cultural values and family dynamics, business continuity practices, and innovative capacity. By investigating the complexities of the succession process, this study seeks to uncover the underlying mechanisms and determinants that support long-term stability and growth in Thai family businesses. The study's findings are expected to offer valuable insights into how these businesses can thrive across generations, contributing not only to their own success but also to the broader economic landscape in which they operate.

The paper is structured into six main sections. Section 1 introduces the topic. Section 2 contains a thorough literature review. Section 3 describes the research methodology, while Section 4 presents the study's results. Section 5 discusses the findings, and the final Section 6 contains the conclusions, limitations, and recommendations.

2. LITERATURE REVIEW

A family business is typically owned and managed by a family that shapes its vision and strategy. Family members often exert control over strategic assets and make decisions based on their vision, sometimes at the expense of non-family employee inputs. These businesses are characterized by strong values, a clear vision, active involvement, cohesion, and robust governance, which contribute to their resilience, particularly during economic downturns. Family businesses tend to be conservative financially, focusing on sustainable growth and cautious investment. Transitions such as generational shifts are critical, with success relying on trust, mutual respect, and the absence of internal rivalry among family members. The regenerative ability of these

businesses is evident in their adaptability and innovation during such transitions, ensuring sustainability and continuity. Ultimately, the family's emotional and financial support is pivotal in navigating challenges and maintaining a competitive edge in a volatile business environment (Dumblekar & Vij, 2020; Nigri & Di Stefano, 2021; Ge & Campopiano, 2022).

According to Bozer et al. (2017) and Wang et al. (2019), the concept of "successor", originally termed "replacement planning" in the mid-20th century, focused on the proactive measures taken to address sudden losses in business leadership. Over time, this evolved into a more comprehensive understanding of succession as not just the literal inheritance of a leadership role but also encompassing significant shifts in interpersonal and power dynamics within the organization. Succession is fundamentally seen as a process where leadership power is transferred to a new generation, integrating both inheritance and deliberate role preparation. Successor candidates are generally distinguished into two categories: familial successors and professionally appointed managers. Familial successors, often chosen due to their inherent connection and familiarity with the business, might struggle with rapid market changes. In contrast, professional managers bring fresh perspectives and strategic insights, potentially driving innovation and growth. However, their lack of deep cultural and historical knowledge of the family business can be a limitation. The succession process itself can be broken down into a four-step sequence: identifying the need for succession, developing criteria for selecting successors, identifying potential candidates, and ultimately choosing a successor. This process enables the founder to pass on leadership in a manner that fosters not only innovation but also sustainable development within the business. Throughout this transfer of power, the successor assimilates theoretical knowledge, enhances their managerial and decision-making skills, and builds a sustainable innovative business model, solidifying their leadership position (Arzubiaga et al., 2022; Ferrari, 2019; Ge & Campopiano, 2022; Magrelli et al., 2022; Somboonvechakarn et al., 2022).

Mulha (2019) explores the management of family businesses in Thailand, particularly focusing on the succession process from one generation to the next. The study underscores the critical nature of this transitional period, during which business leadership and responsibilities are handed over to the next generation. This phase is identified as both crucial and challenging, pivotal for ensuring the successful continuation and future prosperity of the family business. The study advises founders to dedicate significant attention to preparing business heirs during this transformational period, emphasizing that effective preparation is key to maintaining business continuity and achieving long-term success.

Terdpaopong and Farooque (2015) examined succession planning within Thai family-owned small and medium-sized enterprises (SMEs) and found a pervasive enthusiasm among business owners to pass their enterprises on to their descendants. However, this intent often does not translate into concrete planning; instead, arrangements tend to be informal or absent, frequently without considering the heirs' willingness to engage in the business. This lack of structured succession planning can

jeopardize not only the SMEs themselves but also the broader economy, particularly when business owners procrastinate on initiating formal succession strategies until an ostensibly optimal moment or successor emerges. The study highlights the critical need for business owners, policymakers, as well as other stakeholders, to proactively develop and implement robust succession plans. Such strategic planning is essential to secure the long-term sustainability and growth of family-owned SMEs, thereby safeguarding the country's economic stability and facilitating generational continuity.

Yabushita and Suehiro (2014) developed a model to investigate how Thai family business groups in late-industrializing nations address the challenges of limited management resources that hinder their growth and diversification efforts. The study suggests that these groups can thrive if they adapt their strategies and modernize their management approaches to surmount three key limitations: fundraising, production technology, and human resources. The study extensively discusses various strategies that can expand these management constraints. The researchers categorize family business groups into four distinct types based on their diversification and management strategies, arguing that performance varies among these types. They posit that the modernized single business type and the modernized conglomerate type represent the future of family business groups, ensuring their competitiveness in the global economy. The study concludes that contrary to the conventional Anglo-Saxon model, family business groups in Thailand are generally reluctant to transition into managerial enterprises.

Banchapattanasakda and Suo (2020) provided critical insights into the strategic use of trusts by Thai family firms to safeguard their businesses. Their research indicates that family firms establish trusts primarily to mitigate the risk of members selling or transferring shares to non-family members. This mechanism is crucial for maintaining family control over the business. The study further reveals that trusts play a significant role in ensuring a smooth generational transition. By empowering trustees, family firms can effectively manage the transfer of business ownership and leadership to the next generation. Additionally, the findings suggest that these family firms plan to utilize trusts as custodians of assets, ensuring the basic living standards of family members in the future. This dual role of trusts — in preserving family business continuity and securing family welfare — highlights their importance as a foundational element in the strategic planning of Thai family enterprises.

Prompatanapak and Lopetcharat (2021) conducted a study on the transgenerational planning of Thai structural equation modeling (SEM) family businesses and their attitudes toward succession. The study found that most owners believed they had prepared succession plans for their successors. The first generation displayed a strong passion for their businesses and aimed to pass on their legacies, whereas the second generation prioritized stability and profitability as criteria for succession. However, not all appointed successors were enthusiastic about continuing the family legacy, often due to intimidation from previous generations and a lack of passion for the business. The study identified three primary misalignments among the generations: misplaced expectations regarding higher education, conflicts between passion and responsibility among

successors, and resistance to change from the older generation coupled with the successors' inadequate persuasive skills. To address these issues, the study recommended implementing a formal transitional program for successors to introduce new ideas and technologies, manage family businesses sustainably, and develop new skills to mitigate resistance to change.

SMEs play a vital role in the economy, though their survival rates tend to decline with each successive generation. In response to this challenge, Somboonvechakarn et al. (2022) developed a communication model aimed at supporting SMEs during the succession process to foster innovation and business sustainability. The study selected nine innovative manufacturing family SMEs in Thailand using a multiple-case study approach and conducted in-depth interviews with incumbents, successors, and long-serving non-family employees. The findings reveal two key insights: first, topics such as organizational innovation, social capital (both internal and external networks), traditional knowledge, succession planning, and a sustainability-driven mindset should be communicated, formally or informally, during succession. Second, communication barriers — including the incumbent's contradictory actions, the successor's capability and willingness, and employee resistance to change — hinder innovation and sustainability. Implementing this communication model enables family businesses to maximize their structure and resources while preserving or adapting their cultures, values, and traditions for the next generation. This model enhances innovation management, social capital, succession planning, and sustainability, ultimately boosting the competitiveness of family businesses both domestically and internationally.

Nandiroh et al. (2023) conducted an insightful case study within the *Krupuk Rambak Mojokerto* — micro, small, and medium enterprise (MSME) community to explore the relationship between leadership styles and financial management in family businesses. Acknowledging the distinctive roles of family members who often embody both ownership and managerial functions, this study highlights the profound influence that leadership styles exert on financial decision-making and overall business performance. The research evaluates the effects of transformational, transactional, and paternalistic leadership styles on key financial management practices, including investment strategies and risk-taking behaviors. Additionally, it considers the role of family dynamics, succession planning, and corporate governance in molding these leadership styles and thereby shaping financial management approaches within family firms. The findings suggest that the optimal leadership style for financial management varies depending on the specific context and needs of the business. The study concludes that a blend of transformational and transactional leadership, when underpinned by effective family communication and robust governance structures, tends to enhance financial performance in family businesses, underscoring the need to tailor leadership approaches to the unique characteristics and challenges of family-run enterprises.

3. METHODOLOGY

The qualitative research method investigates the contexts in which individuals or groups make decisions and exhibit specific behaviors while

explaining underlying phenomena through a structured process of research design, data collection, data analysis, and report writing (Phuangsuwan et al., 2024). This study employed a qualitative research methodology to explore the intricacies of decision-making processes and behaviors within individual and group dynamics. The qualitative approach, noted for its ability to provide detailed explanations of observed phenomena, relies on open-ended dialogue during interviews. Semi-structured interviews were utilized to facilitate meticulous and purpose-driven data collection, aligned with the research objectives. This interview format is particularly advantageous for addressing essential research questions while allowing flexibility to explore specific topics in depth. It enables the researchers to guide conversations to maintain focus on relevant themes, ensuring that the dialogue remains pertinent to the research goals for both interviewers and interviewees. This flexibility is crucial for capturing a comprehensive understanding of the subject matter under investigation (Mohajan, 2018; Intaprom, 2020; Knott et al., 2022). The interview protocol was meticulously designed to elicit perspectives from those involved in family businesses. The interviews, which were conducted in English, adopted open-ended questions to facilitate rich, detailed discussions. They could be conducted in person or remotely, with audio recordings assisting in-depth analysis. Furthermore, the study used a documentary approach, analyzing secondary data to glean primary insights. This robust methodological framework sought to deepen our understanding of how businesses regenerate and transition across generations, identifying factors critical to their long-term growth and sustainability.

Purposive sampling was employed as a strategic participant selection method in this qualitative study. Designed to deepen the understanding of a particular group or phenomenon, purposive sampling focuses on individuals who can provide substantial insights due to their direct experiences and expertise (Suri, 2011). For this study, the inclusion criteria targeted Thai family business owners aged 18 years old and older who were key stakeholders with rich knowledge and active involvement in sectors related to business regeneration, generational transition, long-term growth, and sustainability. This targeted recruitment strategy aimed to gather contextually rich and relevant data, thereby enhancing the depth and integrity of the study's findings. A total of eight participants were recruited, and data collection via interviews was conducted in March 2024, offering a contemporary snapshot of the issues and dynamics at play.

The primary data analysis method used in this study was content analysis, which allowed for a thorough and objective examination of textual, visual, and verbal content. As outlined by Elo et al. (2014), Chuangtrakul and Wongpravit (2019), and Mezmir (2020), this qualitative technique is critical for identifying significant patterns, themes, or categories within the data, allowing for insightful conclusions and interpretations. The analysis process included systematically categorizing the data, which was critical for ensuring the validity of the inferences drawn. This was accomplished using inductive reasoning, which allowed themes to emerge organically from the data rather than imposing preconceived categories, thereby increasing the rigor and credibility of the analytical results.

4. RESULTS

This study investigated the regenerative capacity of Thai family businesses, focusing particularly on the dynamics of succession. Utilizing a qualitative approach, the research involved in-depth interviews with business owners and key stakeholders to understand how these enterprises manage and strategize their succession processes. The analysis identified key factors essential for rejuvenation and sustained growth through generational transitions. Findings revealed several core themes:

- the strategies for leadership transition, which encompass the transfer of leadership roles and the associated strategic planning;
- the influence of cultural values and family dynamics on succession planning and execution;
- the practices employed to ensure business continuity during and after leadership transitions;
- the role of innovative capacity, highlighting how new ideas and practices introduced by the younger generation contribute to the business's ability to regenerate and adapt.

4.1. Leadership transition strategies

The succession process in Thai family businesses encompasses a multifaceted interplay of strategic factors. This involves not merely the selection of a successor but also preparing the next generation through education, mentoring, and a gradual increase in responsibilities, facilitated by either formal training programs or informal, day-to-day business activities. Many such businesses also establish formal governance mechanisms, such as family councils or boards of directors, to oversee and ensure the professional and impartial management of the transition. Furthermore, the legal and financial dimensions, including the management of shares, ownership structures, and adherence to inheritance laws, are aligned with the succession plan to maintain legal compliance and financial stability. Effective communication is essential to manage expectations and mitigate misunderstandings among family members, ensuring open discussions about the future roles individuals will play. Additionally, preparing for unforeseen events, like the sudden illness or death of a leader, through a well-defined contingency plan is crucial for ensuring business continuity during transitional periods.

“A complex web of strategic variables interacts during the succession process in Thai family businesses. The next generation must be prepared through education, mentoring, and a gradual increase in responsibilities in addition to choosing a successor. Both official training programs and casual, day-to-day business activities help to facilitate this preparation” (R1, personal communication, March 16, 2024).

“A crucial role is played by formal governance structures like family councils and boards of directors. These organizations supervise and guarantee the impartial, competent handling of the changeover. They aid in the preservation of objectivity and offer a formalized framework for decision-making throughout the succession process. The financial and legal aspects of succession planning are essential. This covers share administration, ownership arrangements, and compliance with inheritance regulations. Maintaining legal compliance

and financial stability are crucial for a smooth transition, and it is possible to do so by making sure that these factors are in line with the succession plan” (R2, personal communication, March 16, 2024).

“In order to manage expectations and reduce misunderstandings among family members, effective communication is essential. Having candid conversations regarding future roles and responsibilities helps to keep everyone in agreement, which lowers tensions and promotes teamwork. Moreover, it is critical to plan for unanticipated events, such as an unexpected illness or death of a leader. Plans for contingencies that are clearly defined help achieve this. By defining precise protocols and roles in the event of an emergency, these plans minimize disruptions during transitional times and guarantee business continuity” (R6, personal communication, March 18, 2024).

“The creation of formal governance mechanisms, the alignment of the succession plan's legal and financial aspects, efficient communication to manage expectations, strong contingency plans to handle unforeseen events, and thorough preparation of the next generation through education and mentoring are among the essential components. When combined, these components guarantee a seamless and fruitful shift” (R7, personal communication, March 18, 2024).

4.2. Cultural and familial influences

In Thai family businesses, the interplay of cultural values and family dynamics plays a crucial role in shaping the planning and execution of succession processes. Thai cultural norms, such as a high regard for family loyalty, respect for elders, and the importance of maintaining family harmony, deeply influence business decisions and strategies. Principles like *kreng jai* (consideration), which promotes conflict avoidance and smooth interpersonal relations, often dictate how openly succession plans are discussed and implemented. Similarly, the concept of *bunghun* (reciprocal altruism) underscores the expectation that children owe a debt of gratitude to their parents, often driving the assumption that they will continue the family business. Moreover, family dynamics, including emotional ties and familial obligations, frequently impact the selection of successors, with decisions often based more on birth order, gender, and personal relationships rather than solely on merit or business skills. This cultural and familial context necessitates a careful balance between adhering to traditional practices and meeting the demands of modern business governance to ensure both the continuity of the business and the harmony within the family.

“The succession planning and execution of Thai family businesses are significantly influenced by the intricate interplay of cultural values and family dynamics. Thai cultural norms, which place a strong value on family loyalty, respect for elders, and the preservation of family harmony, have a big impact on business choices and tactics” (R3, personal communication, March 16, 2024).

“The openness with which succession plans are discussed and carried out is frequently governed by values such as kreng jai (consideration), which encourages the avoidance of conflict and the development of harmonious interpersonal relationships. This means that in order to prevent

arguments and preserve peace within the family, talks are usually held with considerable caution. Bunkhun, which emphasizes the notion that kids owe their parents a debt of gratitude, is often the driving force behind the notion that kids will carry on the family business. This cultural expectation, which frequently puts family responsibilities ahead of personal career goals, can have a big impact on succession decisions” (R5, personal communication, March 18, 2024).

“A family’s emotional connections and obligations to one another often influence the choice of heirs. Rather than just considering qualifications or business acumen, decisions are frequently made more in accordance with personal ties, gender, and birth order. For instance, due to conventional beliefs about hierarchy and inheritance, the oldest child — especially a son — might be favored as a successor” (R6, personal communication, March 18, 2024).

“It takes careful navigation to strike a balance between traditional practices and modern business governance. In order to sustain harmony and loyalty, family businesses need to implement modern governance practices to ensure business continuity and efficiency, while also adhering to traditional values. Maintaining family unity and the business’s sustainability both depend on this balance. To maintain the stability of the family and the business, it is critical to meet the needs of both modern business governance and traditional practices. Neglecting modern governance can lead to inefficiencies and business failures, while ignoring traditional values can cause conflicts and unhappiness. The family business’s stability and long-term success are guaranteed by a balanced strategy” (R8, personal communication, March 18, 2024).

4.3. Business continuity practices

Operational continuity during and after leadership transitions is maintained through a series of strategic and culturally informed mechanisms. These include gradual transition processes that allow successors to incrementally assume responsibilities under the mentorship of current leaders. Formal training and external professional development are integrated to prepare incoming generations. Advisory boards, often including non-family members, are established to offer unbiased guidance and uphold professional standards. Legal and financial preparations ensure a smooth transfer of ownership and financial stability, while clear role definitions prevent overlaps and ensure clarity in responsibilities. Similar to leadership transition strategies, effective communication strategies are crucial for keeping all stakeholders informed and aligned with transition plans. Additionally, the development of contingency plans to address unforeseen challenges is essential for securing the business against potential disruptions. These combined efforts ensure that Thai family businesses successfully navigate generational transitions without compromising their operational integrity.

“A number of strategically placed and culturally sensitive mechanisms that guarantee seamless transitions and ongoing business performance are used to maintain operational continuity. The process of gradual transition is one important mechanism. This makes it possible for successors to gradually take on more responsibility while being mentored by current leaders, guaranteeing their readiness for their new positions” (R2, personal communication, March 16, 2024).

“External professional development and formal training are essential. By giving the next generation the skills and knowledge they need, they prepare them. Advisory boards, made up of impartial non-family members who maintain professional standards and offer unbiased guidance, frequently serve as a supplement to this preparation” (R4, personal communication, March 16, 2024).

“As mentioned, effective communication strategies are vital. Their role is to ensure transparency and reduce the likelihood of misunderstandings or conflicts by keeping all stakeholders informed and in line with the transition plans. Backup plans are created in case of unanticipated difficulties, like an unexpected illness or a leader’s departure. These plans are vital for guaranteeing continuity and protecting the company from possible disruptions” (R7, personal communication, March 18, 2024).

“Thai family businesses are able to successfully navigate generational transitions without compromising their operational integrity thanks to a combination of measures including formal training, advisory boards, gradual transitions, efficient communication, and financial and legal preparations. The most important component is a thorough strategy that incorporates each of these components. Every mechanism has a crucial function, and when applied together, they guarantee a smooth transition and continuous business success” (R8, personal communication, March 18, 2024).

4.4. Innovative capacity

The younger generation significantly bolsters the regenerative capacity of Thai family businesses through the introduction of new ideas and practices. Their familiarity with contemporary technologies and global business strategies facilitates digital transformation and operational efficiency enhancements, essential for maintaining competitiveness in rapidly evolving markets. Moreover, their educational and professional experiences abroad equip them with insights that promote international expansion and effective management of cross-cultural interactions. Young successors also tend to champion sustainability and social responsibility, aligning the business with global trends towards environmental and ethical governance. Additionally, by integrating modern approaches with traditional cultural values, they help preserve the business’s cultural identity while modernizing its practices to appeal to a broader demographic. This synergy not only ensures the business’s relevance across generations but also smooths the succession process, as demonstrated capabilities by younger family members build trust with the current leadership, thereby facilitating a smoother transition and ensuring continuity.

“The younger generation is essential to supporting Thai family businesses’ ability to regenerate. They bring with them novel concepts and methods that are essential to growth and innovation. Their familiarity with modern technologies and international business strategies is one important area. This knowledge enables improvements in operational efficiency and digital transformation, both of which are necessary to stay in this competitive market” (R1, personal communication, March 16, 2024).

“Their overseas experiences have given them insightful knowledge that helps them expand internationally and effectively manage cross-cultural

relationships. *Fostering business growth and navigating international markets require a global perspective*" (R3, personal communication, March 16, 2024).

"Social responsibility and sustainability are becoming crucial. Younger successors frequently advocate for social responsibility and sustainability. They make sure the company complies with contemporary standards and appeals to ethically conscious customers by lining up the business with global trends towards environmental and ethical governance" (R4, personal communication, March 16, 2024).

"They balance modern approaches with traditional values, ensuring relevance across generations and appealing to a broader demographic. This synergy streamlines succession, as younger members earn the trust of current leaders, facilitating seamless transitions and continuity. Their innovation, combined with respect for tradition, reassures the older generation of the company's capable leadership" (R5, personal communication, March 18, 2024).

Together, these elements — which include the transfer of leadership roles and associated strategic planning; the influence of cultural values and family dynamics on succession planning and execution; the practices employed to ensure business continuity during and after leadership transitions; and the role of innovative capacity — form a comprehensive framework that can guide Thai family businesses toward successful generational transitions and long-term sustainability.

5. DISCUSSION

This research provides a detailed examination of the regenerative capacity of Thai family businesses, with a particular focus on succession dynamics. Employing a qualitative approach through in-depth interviews with business owners and stakeholders, the study identifies several key themes crucial for the sustained growth and continuity of these enterprises: leadership transition strategies, cultural and familial influences, business continuity practices, and innovative capacity.

The findings illustrate the complex strategic factors involved in succession, encompassing the careful selection and preparation of successors through formal and informal training mechanisms. Governance structures such as family councils and boards are emphasized for their role in ensuring unbiased and professional management of transitions. Additionally, legal and financial planning, coupled with effective communication and contingency preparations, are highlighted as essential to mitigate potential disruptions during leadership changes. The study's findings corroborate those of Trebicka and Tartaraj (2023), demonstrating that family firms with effective governance exhibit better sustained performance. The research also highlights that well-managed family dynamics are closely associated with improved governance outcomes. Moreover, the adoption of best practices in governance is shown to significantly enhance financial performance, mitigate agency conflicts, and facilitate improved access to resources. The ability to successfully navigate challenges is also linked with greater long-term sustainability and success for family firms. These results collectively emphasize the critical impact of sound governance practices and proactive management of family dynamics on the overall health and longevity of family businesses.

Furthermore, Nandiroh et al. (2023) demonstrated that the integration of transformational and transactional leadership styles, when effectively combined with robust family communication and governance structures, significantly enhances the financial performance of family businesses.

The research underscores the significant impact of Thai cultural norms and family dynamics on the succession process. Practices rooted in respect for elders, family loyalty, and the preservation of harmony are shown to dictate the approach to succession planning and its execution, necessitating a balance between traditional values and modern business requirements to ensure both familial harmony and business continuity. The study's findings are consistent with Sukamdani (2023), who identifies three critical factors in diagnosing Thai family businesses: communication, politics, and national culture. These factors significantly influence change management within family enterprises. By analyzing the family structure, change agents can assess the degree of political and ownership power held by different family members. Moreover, understanding the family structure enables change agents to recognize the generation of the current leader and the power disparities among family members. These insights are essential for effectively managing change and navigating the complexities inherent in family business dynamics. Ferrari (2019) proposed that during business transmission, cultural and contextual factors, such as gender biases, should be considered, both in the family and in the workplace. Furthermore, Banchapattanasakda and Suo (2020) indicated that Thai family firms use trusts to prevent the sale or transfer of shares to non-family members and to facilitate the transfer of ownership to the next generation. Trusts also serve as custodians of assets to ensure the basic living standards of family members, highlighting their strategic importance in maintaining family control and continuity.

The study details mechanisms that ensure operational continuity during and after transitions, including gradual succession processes, the integration of external advisory boards, and clear communication strategies. These practices are critical for maintaining stability and aligning all stakeholders with the business's future direction. The study's findings align with Bermejo (2020), emphasizing the importance of implementing business-governance mechanisms that are appropriate for both the business and the family in order to ensure continuity. Somboonvechakarn et al. (2022) also indicated that implementing a communication model within family businesses enables incumbents and successors to optimize the firm's structure and resources. This approach ensures a comprehensive understanding across the firm and facilitates the preservation or reinterpretation of its cultures, values, and traditions for the next generation.

Importantly, the infusion of new ideas by the younger generation is recognized for enhancing the business's adaptability and competitiveness. Their contributions to technology, digital transformation, international expansion, and sustainability initiatives are particularly noted for aligning the business with global trends and ensuring its relevance across generations. The study's findings align with Phonthanakitithaworn et al. (2023), indicating that intellectual capital in

SMEs enhances opportunity recognition for open sustainability innovation. It recommends that SMEs and policymakers focus on socio-rational resources to develop sustainability initiatives through cooperative efforts. Moreover, Prompatanapak and Lopetcharat (2021) demonstrated that a formal transitional program for successors, which introduces new ideas and technologies and develops skills to manage family businesses sustainably and mitigate resistance to change, is effective in enhancing the succession process. Additionally, Limna et al. (2023) and Limna et al. (2024) revealed that integrating artificial intelligence, such as ChatGPT, enhances operational efficiency and addresses the evolving demands of the contemporary business environment. Similarly, Limna and Kraiwanit (2024) also revealed that the integration of Gemini promises to significantly boost productivity levels and enhance workforce morale.

Collectively, these insights construct a robust framework for understanding and implementing effective generational transitions in Thai family businesses. The study highlights the delicate interplay between adhering to traditional cultural practices and embracing necessary innovations, which is essential for the long-term sustainability and success of these enterprises. The framework emphasizes the importance of structured leadership transition strategies that not only focus on the successor's formal education and training but also incorporate strategic planning and governance mechanisms to guide the transition process smoothly. This ensures that both traditional values and modern business practices are integrated, supporting a balanced approach to succession and beyond.

6. CONCLUSION

This study examined the regenerative capacity of Thai family businesses, focusing on the dynamics of succession through a qualitative approach involving in-depth interviews with business owners and key stakeholders. The analysis identified critical factors for rejuvenation and sustained growth during generational transitions, highlighting four core themes: leadership transition strategies, the influence of cultural values and family dynamics, business continuity practices, and innovative capacity. Effective leadership transitions involve structured education and mentoring, supported by formal governance mechanisms. Cultural values and family dynamics significantly shape succession planning, while business continuity is maintained through strategic legal and financial preparations, clear role definitions, and contingency planning. The innovative capacity of the younger generation, facilitated by their familiarity with modern technologies and global strategies, enhances digital transformation and operational efficiency. These insights offer a comprehensive understanding of the mechanisms that support the longevity and resilience of Thai family businesses.

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This research contributes to the existing body of literature on family business studies by providing a detailed examination of the succession dynamics specific to Thai family businesses. It expands the understanding of how cultural values and family dynamics interplay with strategic planning and operational continuity. By identifying the mechanisms that support generational transitions and business regeneration, this study offers a nuanced perspective that can inform future research on family businesses in different cultural contexts. Furthermore, the findings offer valuable insights for practitioners and policymakers involved in family business management. For business owners, the study underscores the importance of strategic planning, effective communication, and the incorporation of both modern and traditional practices to ensure smooth generational transitions. Policymakers can use these insights to develop frameworks and support systems that assist family businesses in succession planning, thereby enhancing their long-term sustainability. Additionally, the emphasis on innovative capacity highlights the need for continuous learning and adaptation, which can be facilitated through targeted training programs and advisory services. These practical implications can help family businesses not only survive but thrive across generations, contributing to broader economic stability and growth.

While the research provided valuable insights, it is essential to acknowledge several limitations. Firstly, the study's qualitative approach, involving in-depth interviews with a relatively small sample of eight Thai family business owners, may limit the generalizability of the findings. Future research could expand the sample size and include a more diverse range of businesses to enhance the representativeness and robustness of the results. Secondly, the study focused exclusively on Thai family businesses, which may limit the applicability of the findings to family businesses in other cultural or economic contexts. Comparative studies involving family businesses from different countries or regions could provide a broader understanding of the factors influencing sustainability and succession. Thirdly, the reliance on self-reported data from interviews may introduce biases, as participants may present socially desirable responses or may not recall details accurately. Future studies could triangulate data sources, incorporating quantitative methods such as surveys or financial performance analysis to complement the qualitative insights. Lastly, while the study identified critical factors for successful generational transitions, it did not delve deeply into the specific mechanisms through which these factors interact or their relative importance. Future research could employ mixed-method approaches to explore these dynamics more thoroughly, potentially using longitudinal studies to track changes over time.

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APPENDIX. INTERVIEW QUESTIONS

It is important to note that not all survey questions are asked of each participant. Certain inquiries are omitted selectively to ensure their relevance to specific respondents.

No.	Question
1	Can you describe the succession process in your family business? What strategic factors are involved?
2	How do you prepare the next generation for leadership roles in the business?
3	What formal governance mechanisms, if any, have you established to oversee the succession process?
4	How do you manage the legal and financial aspects of succession planning in your family business?
5	What role does effective communication play in your succession planning process?
6	How do Thai cultural values, such as respect for elders and family loyalty, influence your approach to succession planning?
7	Can you explain how concepts like <i>kreng jai</i> (consideration) and <i>bunkhun</i> (reciprocal altruism) affect discussions about succession in your family business?
8	How do family dynamics impact the selection of successors in your business?
9	What strategies do you employ to balance traditional practices with modern business governance requirements?
10	Can you describe the gradual transition process you use to transfer responsibilities to successors?
11	How do you integrate external professional development and formal training into your succession planning?
12	What role do advisory boards play in your business continuity practices?
13	How does the younger generation in your family business contribute to its innovative capacity?
14	Can you provide examples of how the younger generation has facilitated digital transformation or operational efficiency improvements?
15	How do you balance preserving your business's cultural identity while modernizing practices to appeal to a broader demographic?