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Determinants of successful generational succession in Peruvian family businesses: An empirical analysis of administrative functions

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ABSTRACT

This study aims to examine how the four core elements of the classic administrative process (planning, organizing, leading, and controlling) influence generational succession in Peruvian family businesses, a sector characterized by critically low intergenerational survival rates that threaten national economic sustainability. A quantitative, cross-sectional, and explanatory design was employed, collecting data through a validated 44-item questionnaire administered to 385 business owners belonging to the Association of Family Businesses and chambers of commerce in five regions of northern Peru (La Libertad, Piura, Lambayeque, Cajamarca, and Tumbes). Ordinal logistic regression was used to estimate the effect of each administrative function on the perceived effectiveness of succession. The results show that planning ($\beta = 0.523$, $p < 0.001$; OR ≈ 1.69) and leadership ($\beta = 0.100$, $p = 0.011$; OR ≈ 1.11) significantly and positively increase the likelihood of a successful generational transfer, while organization has a significant inverse effect ($\beta = -0.245$, $p = 0.035$), suggesting that excessive bureaucratic rigidity can hinder the flexibility needed for a smooth intergenerational transition. Control mechanisms do not show a significant influence, reflecting the prevalence of trust-based relationships over formal oversight. The practical implications indicate that founders and business partnerships should prioritize formal succession planning and the development of inspirational leadership over rigid structuring or control mechanisms to strengthen continuity, employment, and the long-term sustainability of family businesses in emerging Latin American economies.

Contribution/Originality: This study is original in integrating the four functions of the classical administrative process into an empirical model of generational succession in Peruvian family firms, using ordinal logistic regression on a large sample of entrepreneurs, thus providing evidence from a scarcely studied Latin American context.

1. INTRODUCTION

In the global economy, family businesses are the elementary building blocks that strengthen and animate human units. They show the ability to create wealth and provide meaningful jobs, serving as an important mainstay of the economy. They are different from other businesses because they combine an emotional, family, affective dimension (Chrisman, Chua, Pearson, & Barnett, 2012) with an entrepreneurial, rational, productivity and profit-seeking dimension (Xu, Chen, & Wu, 2019). This complexity, while enriching, brings to the family business system specific difficulties that affect the system's long-term viability.

Numerous economic activities around the world center around family establishments (Rueda & Rueda, 2019). The family business institute (IEF, Spanish acronym) shows that the family enterprises in the European Union (EU) have 60\% of the market share. These 17 million businesses with 100 million employees account for 25/100 of the top European businesses (Barroso & Barriuso, 2014). In Spain, family businesses account for 85% of the market (2.9 million family establishments), with 13.9 million workforce participants employed. They also contribute 70% of the country's gross domestic product (GDP) and employment. Similarly, in the US, 80% of the market is family-owned, covering 50% of the employed workforce. This highlights the socio-economic importance of family enterprises and the need to address issues that ensure their viability and survival, emphasizing the importance of studying their socio-economic role comprehensively.

Also in Peru, El Peruano Newspaper (2019) outlines the value of family-operated firms in the economy. There are an estimated 660,000 family-owned firms, constituting 80% of total firms in the country, and accounting for 60% of total jobs in the economy. The data showcases the value of the firms in the economy and in the creation of economically viable societies. The institutions built economically viable societies. However, these firms have an economically viable society built on the foundation of family-operated businesses. However, these family institutions are built on the foundation of family-operated businesses. Family-operated institutions. Family-operated businesses. Generational succession (Cabanilla, Alvear, & Bravo, 2022) perhaps the most critical issue facing these businesses. A report by El Comercio (2023) indicates that of family-operated businesses, 30% survives to the second generation. The 3rd generation only 15% survives. And in the 4th generation, only 4% survives. For the Peruvians family-operated businesses, these figures are alarming. The succession rate is an alarming generational phenomenon. The alarming rate of succession is an alarming generational phenomenon. The generational phenomenon of succession is alarming for these businesses.

According to Cabanilla et al. (2022), succession in family firms is a strategic balancing of various elements as it involves maintaining a blend of tradition/modernity, experience/fresh insights, etc. Succession involves the transfer of leadership as documented in Hadryś-Nowak (2018) and maintaining family identity (Mavárez, Molina, Chancay, & Rodríguez, 2019) and finally, gearing to fit the focus of an ever-changing/competitive business landscape (Cisneros, Deschamps, Chirita, & Geindre, 2022). In this regard, the need for succession culture is sustained in Administrative Management in the business to ensure the focus is on the need for sustainability and growth of the business. Innovation and effective management are centred on strategic technology use in management for better control (Ingram & Głód, 2018; Sánchez, Caro, Barrientos, & Pilco, 2023). In this regard, Bermejo (2017) underscored the importance of knowing the strengths and weaknesses of the organizations for effective strategy formulation and execution for sustained growth and development of the organizations.

Consequently, the research question focuses on the determinants of management that have a positive impact on the succession of family businesses in Peru. Therefore, the main objective has been to determine the key management factors that influence the succession of these organizations. The analysis focuses on the elements of the administrative process applied in the management of family businesses, the succession processes implemented are studied, and the impact of management on the continuity of these organizations is verified. Finally, the study contributes to the perspective of planning in advance the generational succession, trying to involve family members (children, grandchildren, and others) in the administrative and business process.

Consequently, this study addresses the following research questions:

RQ1: Does strategic planning significantly increase the probability of successful generational succession?

RQ2: How does organizational structure influence the effectiveness of the succession process?

RQ3: To what extent do leadership (direction) and control mechanisms impact the continuity of the family business?

RQ4: Which administrative function is the most critical determinant for Peruvian family firms?

2. LITERATURE REVIEW

2.1. Theory of Generational Continuity

Strictly speaking, a successful succession is not simply a change of leadership but a strategic process involving the selection, preparation, and development of the new leader's competencies. The founder seeks to train the successor to ensure the institutionalization of the company and its ability to face future scenarios, whether of success, risk, or instability (Chrisman et al., 2012; Cisneros et al., 2022; Marcelino, Torres, Novoa, & Camacho, 2022). In this context, the new leader seeks for the organization to remain in the market over time (Mohammed & Dixon, 2018).

When the successor is a family member, a "family leadership" is maintained, while the choice of an external leader implies an "external managerial leadership" (Le Breton-Miller & Miller, 2005). Both cases aim at the continuity of the organization. However, this is not always the case. In the case of family leadership, it is more likely that there is not only a commercial interest but also an emotional one, rooted in family ties that imprint a degree of identification and commitment.

Leadership is not transferable in absolute terms; each successor brings their own competencies, attitudes, and skills, which define their unique style to face the challenges of the company, family, and ownership (Mavárez et al., 2019). This approach may generate acceptance or rejection in the members of the organization, depending on the leadership style adopted and the ability of the successor to align interests and maintain organizational cohesion (Palafox, Jiménez, & Hernández, 2019; Sánchez et al., 2023). In some cases, this may lead to consolidation of the firm, while in others it may require a deep restructuring (Cheng, Zhang, & Liu, 2024).

2.2. Family-Based Resource Theory

The theory posits that trust, reputation, and commitment, in the context of a family enterprise, are invaluable resources and if handled well, can be a source of enduring competitive advantage. Hence, the adoption of a formal shared governance system (Mavárez et al., 2019) becomes one of the primary building blocks for organizing, directing, and controlling the enterprise.

Such a system of governance sets the foundation for establishing principles, norms, and systems that promote fairness, integrity, and accountability in the control of an organization (Shleifer & Vishny, 1997). Moreover, in family enterprises, corporate governance aims at protecting the economic interests of the owners, managing the triad between the family, the enterprise, and the business, and safeguarding the perpetuity of the enterprise across generations (Gersick, Davis, McCollom Hampton, & Lansberg, 1997). The pursuit of such practices not only enhances the confidence of the investors but also increases the likelihood of organizational stability and enduring growth (La Porta, Lopez-de-Silanes, & Shleifer, 1998).

Chrisman et al. (2012) emphasize that the intersection between family and business, where affective and economic, emotional and rational aspects converge, generates a complex system of relationships that significantly influences decision-making. This phenomenon tends to prioritize socioemotional wealth (Aguilar & Briozzo, 2020; Berrone, Cruz, & Gomez-Mejia, 2012) over purely financial objectives, highlighting non-financial goals such as the preservation of the family legacy (family logic) over strictly economic-financial objectives (business logic).

2.3. Models

2.3.1. Life Cycle Model of the Family Business

This phenomenon can be grasped by examining the stages of the life cycle of a family business (Gersick et al., 1997; González, Morán, & Mendoza, 2018). The initial stage is the emergence of the business as a result of the founder's own entrepreneurial spirit, plus the desire of the founder to hand down a legacy to the next generations. The next stage is the entrepreneurial growth, as well as the integration of the founder's children into the business. The focus of this phase is to preserve the business while maintaining the core values and the competitive advantage that differentiates the business from the rest of the players in the market. This is done by the founder to ensure that the values of the business are transferred to future generations (Lenguaza-Alborno, Sosa-Aoyama, & Riquelme-Benítez, 2024; Palafox et al., 2019).

After the founder attains the age of 50 years and involved his/her children in the business, it creates a situation of 'High family expectations', and at the same time, it also creates a situation of Challenges (Renuka & Marath, 2023). The founder is required to handle the situation as he is supposed to play the role of business leader, as well as a father (Pipatanantakurn & Ractham, 2022). On the other hand, the children, as a parent, may view him as being in the house and at work. This divergence can create a situation of tensions, more so in the absence of agreement and in the absence of coordination in execution.

Thus, it is of utmost importance that the founder transmits the values and vision of the business, along with the passion for the family undertaking, so that the new generations can engrain the objectives of the firm and assimilate the philosophy of the business (Hermosa-Vega, 2022).

During the next stage, a successor is mandatory for the second generation. In this stage, the children take full control of the firm, which may also include a mix of hired workers who are family and non-family, along with external investors (Vivero & Riquelme, 2023). This is the stage when disputes are likely to escalate. These may be due to differences in priorities and focus, struggles for control, or gaps in alignment with respect to the desired direction of the firm. The family ought to devise a means to fend off market disturbance, unlike their rivals, internal strife, and efficient collaboration with respect to all the parties, including outsiders (Jaimes & Albornoz-Arias, 2021).

2.3.2. Model of Succession Stages

In family businesses, the socio-emotional dimension is inescapable, and lineage transfers are no exception, as they follow a predictable, orderly, and multi-factorial family-business-ownership interconnection sequence. To facilitate the transition of business control and management, both the predecessor and the successor must synchronize their parameters and obligations, covering all aspects of the business with maximum efficiency (Deloitte, 2010; Gallo, 1998; Kęsy & Kęsy, 2022). Here, the family is only the starting point; in the service of the family, all of the core business's employees and stakeholders will be equally influenced, in which case the socio-emotional dimension must be managed, maintaining a structural order of succession in family businesses, to prevent socio- and economic discrepancies (Esparza-Aguilar, Garza Ramos, & Martín-Reyna, 2021).

In this case, the family managers' part is key in terms to be the knowledge transfer (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001). They, with the family responsibilities, run the business and have the upper hand in the organizational hierarchy. They will be of influence for a particular substratum of organizational culture (depending on their values and behaviors). The impact of their presence can be both positive and negative with respect to the substratum (Liu, Eubanks, & Chater, 2015).

On the contrary, incorporating non-family managers adds to the company experience and socio-technical managerial frameworks, both of which are key to the organizational success and professionalization (Xu et al., 2019). In addition, heirs' expectations play a crucial role in the succession process. These expectations, which include beliefs, perceptions, and aspirations, influence how future successors assume their roles, face responsibilities, and contribute to the development of the business (Bermejo, 2017).

It is important to highlight that in family businesses, members can be "direct" (by consanguinity) or "political" (by affinity, such as spouses), and their participation has a significant impact on the management and operation of the organization.

2.4. Classical Administrative Process

Management visionaries such as Fayol and the proponents of the administrative process school (e.g., Drucker) analyzed the organization and its key management elements: planning, organization, direction, and control.

Planning, understood as the business perspective with short-, medium-, and long-term horizons (Hadryś-Nowak, 2018; Marcelino et al., 2022), allows predictions to be made about what will happen in the future, anticipating intervention and action. That is, it provides managerial quality and relevance focused on results (Hanafizadeh & Alipour, 2024) oriented toward achieving sustainable and strategic outcomes over time (Donkor, Donkor, & Kwarteng, 2018; Grajales-Gaviria & Castellanos-Polo, 2018). This makes it necessary to understand whether the family group committed to entrepreneurial aspects is more strongly focused on achieving short-term results or on achieving long-term results, also recognizing that the family business will face a succession process at some point (Cabanilla et al., 2022).

The organization seeks to establish a sense of order and structure, specifying roles, establishing responsibilities, and hierarchical levels for the coordination and rational use of resources. Therefore, family businesses need to create governance systems that integrate family and business interests, create mechanisms for transparency and communication (Calabrò et al., 2019). Similarly, they need to create well-developed organizational configurations and family arrangements that stipulate boundaries, duties, and decision authority so that disputes can be contained and long-term viability can be assured (Arbulú, 2021). In family businesses, succession is guaranteed to the degree that they have a nimble structure fit for participative leadership.

Direction (leadership) ensures adherence to the accomplished vision; it orchestrates and makes calls. In this light, business administration has to be on the lookout for and proactively respond to and constructively deal with the issues and disputes that emerge on the business side or the family side. This equilibrium is required to achieve homogeneity and synchrony, which is a foundation to enhance the sustainability of the family business (Sreih, Lussier, & Sonfield, 2019).

On the other hand, the management and decision-making in family businesses have to deal with intricate internal dynamics (Ingram & Głód, 2018; Sánchez et al., 2023), which include the flow of resources, the design of the organization, the arrangements for communication, the relationships and interactions, and the corporate culture.

In addition, they must adapt to internal and external changes, assuming the impact of economic, political, technological, and social variables that act and interact within the competitive environment (Franco, Cruz, Granados, Hernández, & Bolaños, 2024). These variables not only affect the performance of the company but also influence the relationship between economic motives and interests and the emotional desires of the members of the owning family, which puts the interests of the successors in perspective with those of the company (Ballart, Ferraioli, & Iruela, 2023; García, Ayala-Calvo, & Schumacher, 2021).

Control comprises monitoring and supervisory actions that characterize business organizations for their ability to make strategic decisions and supervise processes in order to ensure effective accountability, maintaining a focus on actions that generate tangible results, such as sustainable growth and expansion of operations. It also strengthens the family and business climate that seeks succession and continuity of the family business (Sreih et al., 2019).

2.5. Empirical Evidence on Succession in Family Businesses

Empirical research on family business succession has highlighted multiple determinants of continuity and sustainability. Jaimes and Albornoz-Arias (2021) identify a set of factors that affect the succession process in family firms, emphasizing the importance of formal planning, communication, and the professionalization of management. Similarly, Cabanilla et al. (2022) illustrate, examining a particular family business, the implications of being unprepared as well as the lack of alignment between family and business goals for the continuity of the business. He investigates factors determining the success or failure of succession processes.

Other scholarly works are concentrating on the socioemotional wealth and financial performance interface. Esparza-Aguilar et al. (2021) investigate the socioemotional wealth and financial performance of small and medium-sized family and non-family businesses, and elaborates, at the centre of the decision-making, are non-economic goals and family legacies. Franco et al. (2024) confirm, in a bibliometric analysis synthesizing the global research trends on family SMEs' innovativeness, sustainability, succession, and technology, that succession remains a fundamental theme in connection with the survival of these enterprises. He examines, therefore, the succession strategies, the governance of family businesses, and the theories of entrepreneurship and family business. In management and planning, Donkor et al. (2018) discuss the connection between strategic planning and performance in SMEs, highlighting the importance of planning in determining organizational outcomes. Additionally, professionalization, institutionalization, and structured succession processes are essential factors for the continuity of family businesses, as emphasized by Marcelino et al. (2022).

Ultimately, these contributions conceptualize successful generational succession as a process relying on coherent business strategies, governance, leadership architectures, and organizational arrangements visibly oriented toward balancing socioemotional and economic objectives, dimensions anchored in classical administrative science and reflected in the model proposed in this study. For instance, the literature emphasizes socioemotional wealth. In this sense, this study contributes to the literature by isolating the four classical administrative functions, Planning, Organization, Direction, and Control, within the context of Peruvian family businesses. Applying an ordinal regression model, this study offers statistically solid evidence on which management pillars are essential in an emerging Latin American economy.

3. METHODOLOGY

3.1. Research Design

As stated in the bibliography analysis and in the scientific literature about management and succession in family businesses, there are factors in the management of the company that can be of great importance for succession and the viability of family companies' organization over time (Jaimes & Albornoz-Arias, 2021). This research aimed to establish those factors.

A cross-sectional, quantitative, and explanatory design was used in the research. We operated with family business management theory, in which the administrative process of planning, organizing, directing, and controlling was taken as the basis, as these generate outcomes strengthening the organization and enhancing its sustainable growth and development (Drucker, as cited in Chiavenato 2009).

Likewise, the characteristics of generational succession in family businesses that guarantee their continuity were analyzed.

3.2. Population and Sample

The target population consisted of family businesses associated with the Association of Family Businesses (AEF) and companies registered in the Chambers of Commerce of Trujillo, Lambayeque, Piura, Cajamarca, and Tumbes, in northern Peru.

Utilizing Random Probability sampling and provided databases from each institution, the sample distributions were calculated according to the northern region's company population density, thus an even distribution with an overall 385 companies was decided as follows:

- La Libertad: 137,575 (32%) → 124 companies.
- Piura: 112,866 (26%) → 102 companies.
- Lambayeque: 89,286 (21%) → 80 companies.
- Cajamarca: 68,634 (16%) → 62 companies.
- Tumbes: 19,265 (5%) → 17 companies.

In total, 385 entrepreneurs responded to the questionnaire.

3.3. Data Collection Instruments

Surveys were conducted using structured questionnaires to collect data. The instrument underwent validation via a pretest involving a pilot sample of thirty companies.

The main autonomously functioning variable was management, operationalized through four constructs mirroring the classical administrative process: planning, organization, leadership, and control. The dependent variable was succession, operationalized via four constructs: family logic, family business logic, preservation of property and wealth, and continuity and growth.

The final survey consisted of 44 items capturing two variables and eight constructs, with approximately six items per construct. Participants' responses were measured using an ordinal scale, which was appropriate for subsequent ordinal logistic regression analysis.

The dependent variable, Succession Success, was classified into three ordinal categories:

1. Low Continuity: High risk of mortality; no succession plan or family consensus.
2. Medium Continuity: The process is discussed but not defined; informal agreements exist.
3. High Continuity: A formal succession plan is in place, with a trained successor and full consensus.

Key items included: 'Does the company have a defined succession plan?' and 'Is the potential successor currently involved in decision-making?'

3.4. Validation and Reliability of the Instrument

To ensure scientific rigor, the following procedures were carried out.

- Content validity: The questionnaire was reviewed by experts in family business management and research methodology, who assessed the relevance, clarity, and coherence of the items.
- Reliability: Cronbach's alpha coefficient was calculated for each construct, ensuring a value greater than 0.7, which indicates acceptable internal consistency.
- Construct validity: A confirmatory factor analysis (CFA) was performed to verify the structure of the variables and dimensions, corroborating the adequacy of the measurement model.

These procedures ensured that the instrument captured in a valid and reliable way the constructs of management and generational succession in family businesses.

3.5. Data Collection Procedure

After validation, the questionnaire was applied both in person and virtually using Google Forms. Informed consent was obtained from all participants, guaranteeing respect for ethical principles.

In the case of AEF affiliates, a random selection was applied using a random number table. For more distant companies, an invitation was made by direct draw, and they were contacted by email. Entrepreneurs completed 44 questions based on their perception of the management and succession processes in their businesses.

All methodological procedures were documented in detail, allowing the study to be replicated in other contexts or regions.

3.6. Data Processing and Analysis

For hypothesis testing, the Ordinal Regression (OR) technique was applied using SPSS software due to the model's complexity and the ordinal nature of the data. The maximum likelihood (ML) method, suitable for large samples and approximately normal distributions, was used to estimate model parameters. If normality assumptions were not met, the partial least squares method (PLS-SEM) was considered as an alternative.

The following goodness-of-fit indicators were evaluated:

- Likelihood ratio chi-square.
- Pearson chi-square.

- Deviance.
- Pseudo R^2 measures: Cox and Snell, Nagelkerke and McFadden.

$$\ln\left(\frac{P(Y \leq j)}{1 - P(Y \leq j)}\right) = \alpha_j - (\beta_1 \cdot \text{Plan} + \beta_2 \cdot \text{Org} + \beta_3 \cdot \text{Dir} + \beta_4 \cdot \text{Ctrl}) \quad (1)$$

The Ordinal Logistic Regression (OLR) model included as predictors the four elements of the administrative process (planning, organization, direction, and control) and as the dependent variable an ordinal measure of the perceived level of continuity/succession in the family business.

4. RESULTS

The results provided substantial evidence of factors that significantly influence the succession process. The key factors in managing family businesses, especially those related to succession, have a positive and significant effect on their sustainability. To verify this hypothesis, the Ordinal Logistic Regression (OLR) technique was used, considering the administrative process as the set of management elements to be evaluated: planning, organization, direction, and control.

Table 1. Model fit information.

Model	-2 Log Likelihood	Chi-square	df	Sig.
Only intersection (null model)	644.213	–	–	–
Final (with predictors)	428.784	215.429	5	0.000

Note: Link function: Logit.

4.1. Model Fit

Table 1 presents the model fit information. The null model, which does not incorporate predictor variables and considers only the intercept, registers a −2 Log Likelihood value of 644.213. When predictor variables are introduced into the final model, this value decreases to 428.784. Statistically, the reduction of −2LL indicates that the final model fits the data better, as it explains the variability more adequately; the lower the −2 Log Likelihood value, the greater the model's explanatory capacity. The chi-square difference test yields (χ^2 = 215.429, df = 5, $p < 0.001$), indicating the model's improvement is statistically significant, as the significance value is below 0.05. Thus, the predictor variables contribute relevant information and significantly enhance the model's predictive capacity compared to the null model.

Table 2. Goodness of fit.

Statistic	Chi-square	df	Sig.
Pearson	569.148	339	0.000
Deviance	416.851	339	0.002

Note: Link function: Logit.

Table 2 presents the goodness-of-fit results of the ordinal logistic regression model. The Pearson chi-square test reports a value of 569.148, with 339 degrees of freedom and a significance level of 0.000, while the Deviance statistic shows a value of 416.851, with 339 degrees of freedom and a significance level of 0.002. Both results show a significance level lower than 0.05 ($p < 0.001$), which statistically would suggest that differences exist between the observed data and those estimated by the model. However, this result must be interpreted with caution due to the sample size (n = 385). In large samples, the chi-square test tends to be highly sensitive, that is, it detects small deviations as if they were statistically important, even when the model presents an acceptable fit in practical terms. Therefore, a significant value does not necessarily mean that the model is inadequate.

Table 3. Pseudo R-square.

Measure	Value
Cox and Snell	0.429
Nagelkerke	0.521
McFadden	0.323

Note: Link function: Logit.

Table 3 presents the pseudo R-squared coefficients of the ordinal logistic regression model. The model-fit indicators (Pseudo-R^2) consistently demonstrate that the analyzed variables possess high predictive value. Depending on the mathematical criterion employed (Cox & Snell, 1989; McFadden, 1974; Nagelkerke, 1991), the model manages to explain between 42.9% and 52.1% of the variability in business sustainability. The Cox and Snell value of 0.429 suggests that the model explains approximately 42.9% of the variability in the dependent variable, which represents a moderate-to-high value. The Nagelkerke value of 0.521, an adjusted version of the Cox and Snell (1989) coefficient, indicates that the model explains around 52.1% of the variability and is considered a robust indicator of explanatory power. The McFadden value of 0.323 is more conservative but remains highly acceptable in ordinal regression models, since values between 0.2 and 0.4 are typically interpreted as excellent. The convergence of these three indicators provides statistical robustness to the study and supports the idea that strategic succession planning and effective management promote a sustainable company over time.

Table 4. Parameter estimates. (Extract of main parameters).

Parameter	Estimate	Std. error	Wald	df	Sig.	95% CI Lower	95% CI Upper
Threshold [Continuity = 1.00]	11.182	1.461	58.595	1	0.000	8.319	14.045
Threshold [Continuity = 2.00]	14.880	1.596	86.971	1	0.000	11.753	18.008
Planning	0.523	0.066	62.625	1	0.000	0.394	0.653
Organization	-0.245	0.116	4.454	1	0.035	-0.473	-0.017
Direction	0.100	0.040	6.426	1	0.011	0.023	0.178
Control	0.149	0.175	0.720	1	0.396	-0.194	0.492

Note: Link function: Logit.

4.2. Effects of Predictor Variables

Table 4 presents the parameter estimates of the ordinal logistic regression model. The thresholds represent the cut-off points that divide the categories of the ordinal dependent variable (continuity/succession). There are two thresholds, indicating that the dependent variable has three ordered categories. Both thresholds are statistically significant ($p < 0.05$), defining the cut-off between low, medium, and high levels of perceived continuity.

Regarding the predictor variables:

- Planning presents a coefficient of 0.523 ($p = 0.000$), with an Odds Ratio (OR) of e^0.523 ≈ 1.69. This means that, for each unit increase in planning, the odds of being in a higher category of continuity increase by approximately 69%. Planning is thus a determining factor for succession in family businesses.
- Organization, the negative coefficient for Organization ($\beta = -0.245$) is a revealing finding. While classical theory suggests structure is beneficial, in family succession, excessive formalization may be detrimental. Highly bureaucratic structures can create distance between generations and stifle the successor's entrepreneurial spirit (Cheng et al., 2024).
- Direction (leadership) presents a coefficient of 0.100 ($p = 0.011$), with an OR of e^0.100 ≈ 1.11. This suggests that for each unit increase in direction, the odds of being in a higher category of continuity increase by 11%, reinforcing the importance of leadership in the generational transition.

- Control Regarding Control, the lack of statistical significance aligns with Stewardship Theory. In family firms, formal monitoring is often replaced by mutual trust and shared values. Therefore, strict administrative control is less critical for succession than inspiring leadership or strategic planning.

In summary, planning and direction (leadership) are key factors that increase the probability of being in a higher category of generational continuity, while organization has a negative effect, and control does not show a significant influence.

5. DISCUSSION

This research confirms the importance of developing a strategy and exercising control (leadership) as key factors in the generational succession of family businesses in Peru. The use of the Ordinal Logistic Regression technique demonstrated that these two components of the administrative process significantly and positively promote business sustainability. This finding aligns with previous studies on family business management (Cabanilla et al., 2022; Donkor et al., 2018).

As regards the Planning, a coefficient of 0.523 ($p = 0.000$) signifies that, as far as Planning is concerned, there is an Observed Transition with over 69% probability of success. This corroborates the observations made by Jaimes and Albornoz-Arias (2021) and Silva et al. (2024) about the necessity and the importance of elaborating Planning as a strategy that will guarantee a structured and sustainable Transition to the succession of Business Centers between Generations.

For the variable organization, there was a negative coefficient of -0.245 ($p = 0.035$), indicating that the increased focus of organization could further lessen the chances of success in succession. This might be the case due to the highly structured organization that does not allow the younger generations to adapt to the dynamics of the environment. Studies like Cheng et al. (2024) also indicate that a lack of flexibility in organizational structure affects intergenerational transition in family businesses.

For the components of control and preservation, the results suggest these components do not have a meaningful influence on the dependent variable, indicating these components, while pertinent to management in general (Grajales-Gaviria & Castellanos-Polo, 2018), do not affect the intergenerational continuity of the firm directly. This aligns with Ferrari (2023), who suggests that succession success relies on effective planning and leadership, rather than on control mechanisms.

To conclude, the results of this study indicate that successful management of generational succession in family-owned businesses should target the strengthening of family-owned business management and strategic planning (Mohammed & Dixon, 2018). The training of effective leaders and the adoption of succession planning frameworks sustain these institutions, which affect employment and the economy in Peru. The impact of the organizational culture and the successor's professionalization on the successful focus of the generational transition remain areas for future research (Burga, Estela, & Rojas, 2020).

6. CONCLUSION

The problem surrounding the sustainability of family-owned businesses in Peru is highly concerning, with only 30% surviving to the second generation and just 4-5% progressing to the third or fourth generation. These figures justify the need to implement and promote continuity strategies in these businesses.

Perhaps the most important finding is that most family businesses are run by their founders. These individuals possess extraordinary expertise in the core of their businesses, but very few have received training in administration and/or strategic management. The lack of management training hinders the firm's prospects because initial operational success can lead to stagnation if poor management continues to dominate the firm.

Two of the four aspects of the management process were found to influence generational succession using the OLR analysis. Specifically, management succession planning and management leadership were identified as critical to the business transition. For each additional unit increase in planning, the odds of positive succession increase by 69%, while an increase in leadership contributes to an 11% rise in the odds of succession. In comparison, control and organization were found to have less positive influence on family business continuity, and in the case of organization, the effect was negative.

Thus, the findings show that for positive succession, generational succession should involve a long-term strategy with the founder's family members integrated into the business. Additionally, the succession process should utilize management techniques to optimize the transition and attain business continuity.

7. LIMITATIONS AND FUTURE RESEARCH

This study has limitations. First, the cross-sectional design prevents establishing causal relationships over time. Second, the data relies on respondents' perceptions. Future research should employ longitudinal designs to track the succession process and use qualitative methods to explore why organizational rigidity negatively impacts generational transfer.

8. SUGGESTION

In order to help improve the accuracy and quality of research on family businesses, it is necessary to suggest to the organizations that group them, and even to the National Institute of Statistics, that they implement a registry to maintain an updated database about the creation, activation, permanence, and closure of these organizations.

Such a registry would make it possible to monitor more precisely the life cycle of family businesses, identify critical points in the succession process, and design public policies and support programs aimed at strengthening their sustainability and generational continuity.

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Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.
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