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ENTREPRENEURIAL CHALLENGES OF NEXT-GENERATION FAMILY BUSINESS SUCCESSORS: A SYSTEMATIC LITERATURE REVIEW AND FUTURE RESEARCH AGENDA

Dr. Amit Dangi [1]

[1]Associate Professor,Department of Management & Commerce,

The NorthCap University, Gurugram

ABSTRACT

Family firms are among the most important drivers of economic growth, innovation and job creation globally. Despite the significant increase in research on family business succession, literature is still fragmented with various themes such as governance, entrepreneurial orientation, family management, leadership development, and innovation limiting one's ability to develop a comprehensive understanding of the entrepreneurial challenges facing the future family business owners.

This systematic literature review draws together current information regarding the challenges encountered by the next generation family business successor. According to Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines, this review critically analyzes peer-reviewed studies published from 2023 to 2026, which are indexed in Scopus and Web of Science. Thematic synthesis revealed five key themes for the challenges of entrepreneurship: family-related and socioemotional issues, entrepreneurial competencies and leadership readiness, governance and succession issues, digital transformation and innovation, and entrepreneurship education for the next generation of entrepreneurs. Themes are used to build an integrated conceptual framework to explain the interaction between family, organizational, individual and environmental factors influencing entrepreneurial readiness among successors.

The review advances family business scholarship in first summarizing and structuring the existing body of knowledge, second by highlighting gaps and third by suggesting a future research agenda. The results also have implications for family business owners, educators, policy makers and institutions that support entrepreneurship to improve the preparedness of family business successors and promote successful intergenerational transfer of family businesses.

Keywords: *Family business succession; Next-generation successors; Entrepreneurial challenges; Systematic literature review; Entrepreneurship education; Digital transformation.*

Introduction

Family businesses are an integral part of developed and developing economies, and play a crucial role in GDP value, employment creation, innovation and regional development. Worldwide, family businesses make up almost two-thirds of all businesses and have a significant share in gross domestic product and millions of people working across a wide range of industries (Calabrò et al., 2024). These companies are known for their long-term orientation, stakeholder relationships, and focus on family values, which sets them apart from non-family companies and can give them a competitive edge in today's fast-paced business landscape. With all the economic importance of family businesses, one of the biggest challenges facing them is to ensure their continuity and success across generations.

Intergenerational succession is more than just passing on ownership or managerial control between generations. It is an all-encompassing process of entrepreneurship, which involves the need to balance the continuity of the business and the inclusion of strategic innovations for future competitiveness. Today's successors inherit organizations that are set in an environment of rapid technological advances, digital disruption, pressures on sustainability, geopolitical uncertainty and ever-changing expectations on consumer sophistication. Thus, entrepreneurial competence has become a key component of the criteria for achieving success in the family business transition, and entrepreneurship has become an integral part of effective family business continuity (Mazzola et al., 2024).

Next generation successors' entrepreneurship is quite different from the entrepreneurship of the founding entrepreneurs. Founders are mainly interested in opportunity recognition, venture creation and business survival while the successors are interested in balancing innovation with continuity, entrepreneurial renewal with socioemotional wealth preservation and modernization with respect to established organizational traditions. These conflicting demands often create conflicts that can hamper succession and negatively affect the desire and capacity of the successor to make strategic decisions in family businesses (Canovi et al., 2023).

Recent literature indicates that entrepreneurial problems facing successors are multi-faceted and inter-related. At the family level, succession may be plagued by founder dominance, intergenerational conflicts, sibling rivalry, succession ambiguity, emotional attachment to legacy, and limited autonomy in strategic decision-making (Liu et al., 2024). The socioemotional dynamics have a significant impact on entrepreneurial self-confidence and innovation behaviors. Supportive family relationships offer opportunity recognition and pro-active leadership while over-controlling or against the change, they often discourage entrepreneurial experimentation and slow down organizational transformation.

Other factors that complicate succession include organizational factors. A significant number of established family businesses continue to be governed in a centralized way, with informal decision-making, little professionalization, and firm and routinized organizational habits. These attributes often make organizations less flexible and make them reluctant to accept entrepreneurial programs launched by younger heirs (Baltazar et al., 2023). Moreover, during the transition period, employees' reluctance to receive new leadership, lack of mentoring, lack of access to strategic resources, and lack of succession planning further narrow the entrepreneurial development.

Future business successors were also subjected to greater demands from the external business environment. Successors need to continuously develop new capacities and adjust business strategies in order to stay competitive in a world of digital technologies, artificial intelligence, sustainability regulations, platform-based business models, and the growing competition in the global markets. Unlike past generations, current successors will be required to spearhead the transformation towards a digital world, incorporate sustainable business strategies, utilize data-informed decision making, and discover new growth opportunities, while also ensuring organizational resilience (Chua et al., 2024). Thus, managerial skills and technological flexibility are becoming even more important for entrepreneurial readiness.

Entrepreneurship education is now seen as a crucial means of enhancing preparedness to successful succession. There are growing number of universities that provide special family business and entrepreneurship programmes to build leadership competence, innovation capability, strategic thinking and entrepreneurial self-efficacy. Structured educational interventions, experiential learning, mentoring and industry engagement have been found to have positive impact on entrepreneurial intention and succession preparedness for potential family business leaders in recent studies (Khazanah et al., 2024). However, the difficulties of managing the emotional, interpersonal and governance aspects of family businesses are not adequately addressed through formal education and so there is a need to combine formal education with the real world of family business.

While the study of family business succession has grown significantly over the last ten years, there is considerable disarticulation of the literature at the theoretical level and across the disciplines. Existing reviews focus on succession planning, governance mechanisms, entrepreneurial orientation, innovation, or socioemotional wealth individually, and few studies combine the challenges entrepreneurs face when they are transitioning to the next generation comprehensively. In addition, the recent changes in digital transformation, sustainability shifts, artificial intelligence, and entrepreneurship education have profoundly changed the nature of the successors' responsibilities, but their overall impact has not been comprehensively incorporated into existing reviews studies (Mazzola et al., 2024; Liu et al., 2024).

This fragmentation slows down the theoretical development and hinders researchers, educators, policymakers, and practitioners in pinpointing the key entrepreneurial constraints to the preparedness of successors. Given the relative nature of the empirical evidence that has come to light in recent years, a contemporary synthesis of the literature is needed to integrate new knowledge, uncover common themes, and set future research priorities in family business succession.

In this context, the present study aims to conduct a systematic literature review of the latest studies that have been published in the period 2023-2026 to review the current research on the entrepreneurial difficulties that next-generation family business successors face. Based on the PRISMA 2020 structure, the review critically synthesizes studies retrieved from peer-reviewed journals published in Scopus and Web of Science databases. In particular, the review considers three research questions:

RQ1: What are the entrepreneurial challenges that have been identified recently, within the literature, that affect next generation of family business successors?

RQ2: What is the possible synthesis of these challenges in an integrated conceptual framework to explain entrepreneurial preparedness in the context of entrepreneurial succession?

RQ3: What are the theoretical, methodological and contextual gaps in the current literature and which lines of further research should be taken?

The review aims to contribute to the answer of these questions in three important ways. First, it brings together the disjoined evidence and provides a coherent view of the picture of entrepreneurial challenges to succession readiness. Second, it builds a unified conceptual model which explains how family, organizational, individual, educational and environmental factors affect entrepreneurial ability. Finally, it suggests a future agenda for researchers to continue the work of family business succession research and offers implications for family business stakeholders (entrepreneurs, educators, and policy makers) interested in improving entrepreneurial preparedness and the long-term viability of family businesses.

Review Methodology

Review Design

To synthesize the most current evidence regarding entrepreneurial issues of next-generation successors of family businesses, a Systematic Literature Review (SLR) was employed for this study. A systematic review was deemed to be appropriate due to the rapid increment of research on family business succession in recent years, in the context of entrepreneurship, innovation, digital transformation, governance and sustainability. But the current

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literature is scattered in various theoretical frameworks and fields of study. Systematic literature reviews are different from narrative reviews because they are conducted in a very systematic manner with transparent, replicable, and rigorous methods that reduce selection bias and allow for evidence synthesis of comprehensive evidence (Page et al., 2021).

The review was carried out according with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines, which are an internationally accepted framework for identification, screening, evaluation, and synthesis of scientific literature. It is widely used in management and entrepreneurship research (Page et al., 2021) and increases methodological transparency and improves the reproducibility of review studies.

The first aim of the review was to identify, critically analyse and integrate more recent empirical studies on entrepreneurial issues faced by the second and third generation of family business successors. This review did not use a meta-analysis approach to estimate effect sizes but rather used a qualitative thematic synthesis approach to synthesize the findings from the studies, which used a wide range of research methodologies and theoretical frameworks.

Search Strategy

A structured search strategy was formulated to ensure the collection of relevant peer-reviewed articles from two of the most extensive multidisciplinary databases for management and entrepreneurship research: Scopus and Web of Science (WoS). The choice of these databases is based on the fact that they have extensive international coverage and include high quality journals with a high level of peer review.

The literature search was carried out in June 2026 with a set of keywords, which were created from existing family business and entrepreneurship research literature. Boolean operators (AND and OR) were used to maximize the sensitivity of the search while keeping the specificity. The main search string was created according to the following formula:

Family Business" OR "Family Enterprise") AND “Next Generation” OR "Successor" OR "Family Business Successor") AND “Entrepreneur” OR "Entrepreneurial Challenges" OR "Innovation" OR "Succession")

Only articles published from January 2023 to June 2026 were included in this review, which was done to ensure that the review captured the latest research findings in the field. Only journal articles in English (excluding conference papers, editorials, book reviews, dissertations, working papers, and non-English journals) were included in the search.

Inclusion & Exclusion Criteria

Predefined inclusion and exclusion criteria were defined prior to the screening to guarantee methodologically uniform and relevant results.

Inclusion Criteria

- Peer-review papers in Scopus/ Web of Science.
- Publications between 2023 and 2026.
- Studies with a family business, family business succession, entrepreneurial capabilities, innovation, leadership development, governance or successor preparedness focus.
- Empirical studies, conceptual studies and review that directly contribute to the literature on entrepreneurial succession.
- All articles have full-text content in English.

Exclusion Criteria

- Conference papers, editorials, book chapters, notes, dissertations and reports.
- If not methodologically foundational, all articles before 2023.
- Research that has only a small focus on SMEs or entrepreneurship but does not include a family business perspective.
- Studies related to succession that focus on legal and/or financial aspects but do not address entrepreneurial considerations.
- Duplicate data from multiple data sources.

These criteria ensured that any study that was of high quality and relevant to the theme contributed to the thematic synthesis.

Screening and Study Selection

This study selection process was conducted in four stages of PRISMA, which are identification, screening, eligibility assessment and inclusion.

The first databases search returned 118 articles (Scopus = 72 and Web of Science = 46). After duplicate studies were removed, there were 96 unique studies to be screened for titles and abstracts. At this stage, research outside the realm of family business succession, entrepreneurship and successor development was omitted.

Then, 41 full-text articles were screened based on the set eligibility criteria. Articles that did not directly relate to challenges facing entrepreneurship or succession planning were excluded. In the end, 18 studies met all criteria and were included in the analysis for the themes.

A uniform data extraction protocol was created to ensure uniformity among the reviewed studies. These data were obtained from each article: publication year, the journal, the country studied, the aim of the research, the research methodology, the theoretical approach, the characteristics of the sample, the main results, and the challenges presented for entrepreneurship. Given the variety of research designs (qualitative case studies, survey based quantitative research, mixed methods research and conceptual articles), a thematic synthesis approach was used. This approach allowed for the incorporation of diverse evidence in order to discover common themes and make them more relevant to the main analytical themes.

The synthesis consisted of three successive cycles. First, the key findings reported in each article were coded, and then carefully examined. Second, the codes were grouped into thematic categories that represent the shared entrepreneurial issues. Finally, relationships between themes were analyzed to gain an integrated conceptual perspective of "successor preparedness" in family businesses.

Through this inductive method, the review advanced beyond a mere description of the content and yielded the higher order theoretical findings related to entrepreneurial succession.

Descriptive Analysis of the Reviewed Literature

A total of 18 peer-reviewed studies published from 2023 to 2026 were selected and included in the final data set, which demonstrates the increased research focus on entrepreneurial succession in the family business. While family business succession as a topic has received attention for a long time, there is a growing body of literature reflecting the growing focus on entrepreneurial renewal, digital transformation, sustainability and leadership preparedness of the future successors.

Publication Trends

The pattern of research studies over time shows that there is a marked rise in the number of research studies after 2022. Almost 75% of the selected articles were written in 2024 or 2025, indicating that entrepreneurial succession is becoming a new agenda in the face of rapid technological developments and evolving business contexts.

This is also a reflection of the growing recognition that successors are not expected to simply uphold the family legacy but are expected to innovate and lead in business change through entrepreneurial style.

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Geographical Distribution

The reviewed studies were located in a variety of geographical areas, with most coming from Europe and Asia. Italy, Spain, Germany, China, Indonesia and India proved to be the most common countries being investigated, a result of the predominance of family businesses in those economies.

Compared to the other areas, relatively few studies came from Africa and Latin America, revealing great potential for future comparative research investigating the role of culture and institutions on entrepreneurial succession.

Research Methodologies

Literature showed some methodological differences. The most popular research methodology was quantitative survey research, followed by qualitative case studies and mixed methods studies.

As for the research methods, qualitative studies tended to focus on the nature of family relationships and the leadership identity and governance issues through interviews and longitudinal case analyses, while several studies used structural equation modelling to investigate entrepreneurial intentions, innovation capability, and succession readiness.

Although the number of studies grew, relatively few used methodology of a longitudinal nature that could capture the dynamic evolution of entrepreneurial capability at various stages of succession. The study is a significant methodological contribution to the current research in family business.

Dominant Theoretical Perspectives

The literature reviewed was based on several complementary theories. The Socioemotional Wealth (SEW) Theory continued to be the most commonly cited theory, as it accounted for emotional attachments and family identities' effect on entrepreneurial decision making. Theories that were widely used were Resource Based View (RBV), Dynamic Capabilities Theory, Entrepreneurial Orientation Theory and Social Capital Theory.

Later research added a Digital Transformation and Sustainability dimension to the mix, as the responsibilities of modern successors were also changing. The lack of integrated theoretical approach to explain the family, organizational, individual, educational and environmental determinants, however, is a serious lacuna and the present review will be followed by a thematic analysis to address this gap in the next section.

Thematic analysis of the challenges faced by entrepreneurs:

Thematic synthesis of the 18 selected studies were found to be multi-faceted and the challenges faced by the successors of the next generation of the family business stem from the interplay of family, organizational, and

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individual factors. The studies reviewed were undertaken from diverse theoretical perspectives, but five common themes were found. The internal determining factors of entrepreneurial preparedness are discussed in the first three themes of the section and the external determining factors fall into the second four themes, which are presented in Part IV. These themes provide a description of what influences entrepreneurial capability prior to and throughout the succession process. The most widely cited entrepreneurial challenge in the literature analyzed was family dynamics. The interpersonal complexity of family firms results from the crossing over of family, ownership and business systems, and is a key factor affecting entrepreneurial behaviour in contrast to non-family enterprises. The review also suggests that successors often face pressure to manage the family in addition to duties as a manager, which demands that they uphold family values, foster interpersonal harmony, and engage in entrepreneurial renewal (Liu et al., 2024).

Recent studies have revealed a dominant challenge, known as founder dominance. Often, the founders also end up holding large shares of decision-making power even after they have officially started succession, thus restricting their successors' strategic autonomy. Founder involvement in the company offers great mentoring and implicit knowledge sharing, but too much control can stifle experimentation and slow entrepreneurial decision making. Some research indicated that the successors are reluctant to launch new business models as they believe that their senior family members would object to the change in the business model (Canovi et al., 2023).

These entrepreneurial tensions are exacerbated by intergenerational differences. The younger generations tend to be more receptive to digital technologies, sustainability programs, and global market expansion, while the older generations are more cautious about change and risk reduction, and focus on maintaining established business models (Calabrò et al., 2024). This type of conflict arises in succession when entrepreneurial efforts are in conflict with the norms of the organization, especially when there are differences in the strategic priorities.

An ongoing problem is succession ambiguity. Most family businesses still have “informal” succession without explicit succession plans, succession role expectations or succession performance measures. Without clear succession procedures, future succession is uncertain and there is a lack of clarity for future candidates on their roles and responsibilities. The lack of clarity can decrease the confidence of entrepreneurs, weaken the leadership identity, and delay innovation projects (Mazzola et al., 2024).

The literature also shows that socioemotional wealth (SEW) affects entrepreneurial decision making. SEW is the non-financial benefit obtained from ownership that involves the family dynamic, reputation, emotional connection and the sense of preservation of the legacy. On the other hand, if the focus is placed too heavily on maintaining family traditions, it can stifle entrepreneurial ventures and changes to the family business's strategy

(Ratten & Jones, 2024). Therefore, the challenge for the successors is often to keep up the innovation while maintaining continuity.

Another dimension to family dynamics involves sibling relationships. Research has shown that poor role boundary definition, unequal expectations of ownership and sibling rivalry are likely to generate intra-family conflicts which divert prospective successors' efforts from entrepreneurial endeavors. On the other hand, families with high levels of open communication, shared decision-making and trust are more likely to be entrepreneurial and successful in succession planning (Liu et al., 2024).

Interestingly, however, some recent studies indicate that family should not only be considered as constraints. The entrepreneurial confidence of successors is greatly reinforced by having supportive family cultures that provide them with psychological safety, mentoring, shared vision, and knowledge transfer. Positive family relationships support the opportunity recognition, innovation capacity and strategic decisions through their emotional and experiential support. Hence, the entrepreneurial role of the family seems to be dependent on the quality of the governance mechanisms and relationship between the parties involved in the family enterprise, but not on the presence of the family itself.

In general, the literature reviewed shows that entrepreneurial succession is a social and emotional journey. Emotional attachment, intergenerational interaction, and governance practices all impact the willingness and ability of successors to enter the strategic renewal process, which makes it important to understand entrepreneurial capability as a part of family relationships.

Students will learn about entrepreneurship competencies required for business success and how to demonstrate leadership preparedness.

Another big issue has to do with the requisite entrepreneurial attributes needed for a successful succession. There is a growing body of contemporary literature which suggests that success depends not only on the transfer of ownership but also on the nurturing of entrepreneurial leaders who will be able to maintain competitive advantage in rapidly changing environments. Thus, succession preparedness has progressed from being a managerial matter to an entrepreneurial process of capability building (Khazanah et al., 2024).

One of the most common competencies studied was entrepreneurial self-efficacy. Self-efficacy is a person's belief in his or her ability to recognize opportunities and be innovative, make decisions, and develop a business. Research repeatedly shows that those who have high entrepreneurial self-efficacy have higher intentions to lead, have a higher innovative orientation and are more motivated to take up succession responsibilities (Khazanah et al., 2024).

Another key challenge is leadership development. Whereas foundations are often built from scratch, successors are likely to take over an organization with a precedent in place, and the employees who have been there for a while may not be too fond of new management. As such, the successors have to put up a performance of legitimacy and at the same time bring about organization change. Research in recent years indicates that transformational leadership, teamwork and decision making, and adaptability in communication have a strong positive impact on the acceptance of the successor by employees and family stakeholders (Calabrò et al., 2024).
Recognition of opportunity is more and more crucial with regards to digitalization and international competitors. Successors are expected to be able to spot new technologies, shifting customer needs and new market opportunities, and maintain the firm's legacy strengths. Several studies do report, however, that many successors suffer from the inability to balance entrepreneurial entrepreneurial behaviour with the exploitation of the existing business capability. Such a challenge is especially acute for traditional family businesses with stable but rigid business models (Canovi et al., 2023).
Another key entrepreneurial competency is innovation capability. The literature reviewed shows that successors who are willing to experiment, to digitalize the business or to learn from it have a strong influence on the sustainability of the business in the long-term. However, family resistance, lack of resources, and organizational inertia often limit innovation initiatives. Thus, entrepreneurial competence may not be enough if not complemented by positive governance arrangements and organizational cultures.
Further, significant finding is related to identity formation. Founders create enterprises reflecting their own entrepreneurial visions while successors are often given the leadership roles that are expected in the family. This is known in several studies as "identity conflict" where the family dynamics become a challenge for the successors in their personal career aspirations (Mazzola et al., 2024). These identity-related tensions can diminish entrepreneurial motivation and psychological stress in the process of succession.
It is also emphasized in the literature that continuous learning is becoming increasingly significant. Successors should continuously refresh their entrepreneurial knowledge as there is rapid technological change, sustainability requirements, artificial intelligence, and international competition. Thus, the themes of lifelong learning, executive education, mentoring and international exposure have been added to the growing repertoire of entrepreneurial preparation. An increasing number of family businesses allow their successors to gain experience through work outside the company to boost managerial skills and entrepreneurial maturity.
The studies that were reviewed indicate that entrepreneurial skills go beyond technical management skills in general. The strategic thinking, leadership, innovation orientation, resilience, adaptability and emotional

intelligence are all essential for successful successors. These skills can together enable a successor to strike a balance between continuity and entrepreneurship in a business operating in ever-changing business context.

The third theme that is evident in the literature reviewed is governance and succession planning. Entrepreneurial competencies shape the capabilities of individual entrepreneurial successors, whereas governance structures shape the organization's environment for entrepreneurial initiatives to blossom or be hampered. Governance shortcomings have been repeatedly found to be one of the key challenges to successful entrepreneurial succession (Baltazar et al., 2023).

One of the most frequently mentioned issues is the lack of succession planning. The majority of family enterprises still have informal succession that takes place based on family expectations, not through strategic planning. Consequently, often times, no one is leading each team with a clear set of expectations, role delineations, or succession maps. The literature shows that organizations that implement a formal succession plan tend to have smoother leadership succession and better entrepreneurial results compared to those solely based on family traditions (Calabrò et al., 2024).

Another trait of successful entrepreneurial succession is professionalization. Recent research highlights the need for family businesses to adopt professional governance practices, including advisory boards, independent directors, family constitutions, succession committees and performance evaluation protocols. Such mechanisms help to minimize interpersonal conflict and improve transparency, accountability and strategic decision-making (Ratten & Jones, 2024).

Further, the key governance issues is knowledge transfer. The founders have a lot of tacit knowledge gained from years of experience as entrepreneurs. This knowledge is often not documented, and imparted through informal mentoring, rather than formal training, by seeing it in action. Several studies suggest that poor knowledge transfer has a significant impact on the preparedness of successors, as experiential knowledge of customers, suppliers, markets and organizational culture plays a crucial role in entrepreneurial decision making (Liu et al., 2024). Impact on entrepreneurial succession is the acceptance by the employees. Older employees are likely to be loyal to the founder(s) and may be less inclined to accept younger leaders, especially if there is significant organizational change being suggested. Therefore, effective governance is characterized by communication, leadership, and a certain delegation of responsibilities, allowing the legitimacy of leadership during transition (Mazzola et al., 2024).

A growing governance discussion theme within current research is the tensions between the influence of families and professional management. While family involvement can improve long-term commitment and organizational identity, too much centralization can have the opposite effect, with respect to strategic flexibility and willingness to seek outside help. Research has increasingly pointed to governance structures that combine both family and professional managerial values and practices that can foster innovation and entrepreneurial growth (Baltazar et al., 2023).

Through the evidence reviewed together, it is shown that governance is not just administrative but also an entrepreneurial capacity. Good governance processes support strategic renewal and succession planning, build stakeholder confidence, and empower successors to have more effective entrepreneurial leadership. The opposite, however, is true for weak governance structures, which can exacerbate family conflict, stifle innovation and support a higher risk for succession failure.

Digital Transformation, Innovation and Challenges from the outside world

In the modern business landscape, the nature of the entrepreneur's role for next-generation successors has changed significantly. Whilst the focus of previous generations has been on operational continuity, modern successors are expected to cope with digital disruption, sustainability transitions, geopolitical uncertainty, and consumers' rapidly changing expectations. Thus, digital transformation has become one of the most impactful entrepreneurship issues that have been highlighted in the literature related to family business succession (Chua et al., 2024).

Competitive dynamics across industries have changed due to the digital technologies including artificial intelligence (AI), big data analytics, cloud computing, automation, blockchain and platform-based business models. This is because family businesses are considered to be conservative businesses that prefer to stick to the status quo and incremental innovation, which makes it hard to integrate these technologies. Successors are thus faced with two major tasks – maintaining organizational stability as well as implementing digital innovations required for future competitiveness (Calabrò et al., 2024).

All reviewed studies reveal that digital transformation is not just about adopting technology, it entails a great deal of change in the organization's culture and processes. Digital transformation is difficult in many family businesses, due to their informal decision-making processes, one-to-one customer connections, and traditional methods of working. A change in technology can lead to the resistance of "old" business practices by the founders and other senior managers and long-term employees (Canovi et al., 2023). Thus, the skills to deal with change management are becoming more important for entrepreneurs than their technical knowledge.

Another prevalent theme is innovation capability. The entrepreneurial successors should seize new opportunities in the market and expand product lines, explore international markets, and create sustainable business models while simultaneously preserving the firm's history. In recent studies it is proven that successors with a high innovation orientation make a significant contribution to organizational resilience, especially in times of

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economic uncertainty (Ratten & Jones, 2024). Innovation programmes, however, tend to be limited by limited funds, poor technological capabilities and a government focus on continuity and not experimentation.

Sustainability has likewise become an important entrepreneurial challenge. As a company, the family firm is increasingly sensitive to both environmental regulations and stakeholder expectations, to ESG considerations. Successors are found to be more committed towards sustainable innovation, practices of circular economy and socially responsible entrepreneurship than their predecessors. However, there can be strategic conflicts between financial performance and sustainable investments, especially for traditional family businesses with constrained capital resources (Mazzola et al., 2024).

Adding to the complexity of entrepreneurial succession, globalization brings about increased competition and evolving customer tastes for the family business. To stay competitive in the international market, successors need to acquire international market knowledge, skills in digital marketing, skills in cross-cultural leadership, and strategic agility. A number of studies suggest that internationally educated successors are more entrepreneurial oriented due to greater exposure to alternative business practices and innovation ecosystems (Liu et al., 2024).

In general, the literature reviewed suggests that entrepreneurial succession has become a process of organizational change and not merely a leadership change. What is increasingly being measured in the assessment of successors are the skills needed to sustain family legacy, as well as the ability to modernize business processes, incorporate digital technologies and establish sustainable competitive advantages in ever-changing business environments.

The Program will focus on entrepreneurship education and successor development.

The fifth major theme that arose to explain entrepreneurial preparedness of next-generation family business successors was entrepreneurship education. Family experience remains a crucial source of entrepreneurial tacit knowledge, but this is also complemented by formal education, as shown by some contemporary studies, which attribute entrepreneurial competencies, leadership skills, innovation orientation and strategic thinking to formal education (Khazanah et al., 2024).

In recent years, universities around the globe have launched specialised degree programs that focus on family business, entrepreneurship, innovation management and digital business in order to educate the next generation of family business managers for the changing context of organisations. The programmes are designed to combine theory and practice by means of business simulations, family business case studies, mentoring, consulting projects, internships, experiential learning activities, and others. These learning processes boost successors' self-confidence in detecting opportunities, coping with uncertainty, and executing strategic innovation (Calabrò et al., 2024).

The reviewed studies suggest that entrepreneurial education has a positive impact on entrepreneurial self-efficacy which is one of the most robust factors identified as a predictor of succession readiness. Students who have received business education have more self-assuredness in business planning, opportunity identification, innovation management and business decision making compared to students who have only received family education (Khazanah et al., 2024). These are skills that come in very handy in succession, as the new generation of CFOs needs to combine the process of succession with the process of entrepreneurial renewal.

However, the literature unanimously states that classroom-based education is not enough to equip future family business leaders. The entrepreneurial problems faced in succession planning – such as emotional challenges, governance issues, self-image and interpersonal negotiation – cannot be simulated through the academic environment. Therefore, the experiential learning model that integrates academic learning with hands-on experience in family business operations, mentoring by the founder, industry experience, and real-world managerial experience is increasingly recommended (Liu et al., 2024).

Mentoring is a key aspect of entrepreneurial development. Tacit knowledge transfer, building leadership confidence, and gradual leadership transfer of strategic responsibility are achieved by structured mentoring relationships. A number of studies highlight the importance of mentorship beyond the capabilities of the founders to encompass independent directors, external advisors, successful entrepreneurs and industry experts who are able to offer a detached and objective viewpoint on the process of organisational transformation (Ratten & Jones, 2024).

International exposure has also become a key part of the development of successors. Access to a variety of markets, entrepreneurial environments, and technological developments exposes the entrepreneur to new strategic thinking and the opportunity to notice or seize opportunities outside of the confines of the family business. As a result, more and more family businesses are trying to ensure that family heirs acquire external professional experience prior to taking on leadership roles.

The other important result is related to lifelong learning. To keep their entrepreneurial skills relevant and in line with the prevailing rapid technological developments, the successors need to constantly update their entrepreneurial skills by engaging in executive education, professional certifications, digital skills training and leadership development programmes. Entrepreneurial competence is therefore a dynamic capability that must be continually developed and not a static managerial trait.

In sum, the literature presented here suggests that entrepreneurship education serves as a valuable connective tissue between what entrepreneurship knowledge they may have inherited from their families and what entrepreneurial skills they possess today. But the effectiveness of education is dependent on the incorporation of theory with business experience, mentoring and ongoing professional development.

Integrated Conceptual Framework

The thematic synthesis suggests that entrepreneurial preparedness among next-generation family business successors is determined by the interaction of **five interrelated dimensions**, rather than by any single factor. Figure 2 presents the integrated conceptual framework developed from the reviewed literature.

Figure 2. Integrated Conceptual Framework of Entrepreneurial Challenges

Dimension	**Principal Challenges**	**Expected Outcome**
Family Dynamics	Founder dominance, socioemotional wealth, family conflict, succession ambiguity	Entrepreneurial motivation and leadership identity
Individual Competencies	Self-efficacy, leadership capability, innovation orientation, resilience	Entrepreneurial preparedness
Governance	Succession planning, professionalization, knowledge transfer, stakeholder acceptance	Effective leadership transition
External Environment	Digital transformation, sustainability, globalization, technological disruption	Strategic adaptability and innovation
Entrepreneurship Education	Experiential learning, mentoring, external exposure, lifelong learning	Entrepreneurial capability development

The framework proposes that entrepreneurial readiness is not solely a consequence of individual competence but results from continuous interaction among family relationships, governance quality, educational experiences, and external environmental pressures. Entrepreneurial successors are therefore expected to simultaneously manage socioemotional expectations, organizational transformation, technological innovation, and leadership development throughout the succession process.

Future Research Agenda

The systematic review reveals some relevant theory, method, and context gaps that present opportunities for future research.

First, the majority of the studies already conducted use a cross-sectional survey design which assesses perceptions of entrepreneurs at a specific point in time. Longitudinal research on the development of entrepreneurial competence across different phases of succession would give insight into the changes in the company's competence before, during, and after succession.

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Second, it is evident that there is a geographical concentration. The majority of recent research comes from Europe and a few Asian countries, and there is a lack of evidence from Africa, Latin America, and emerging economies. Comparative cross-cultural studies might help understand the impact of institutional contexts, culture and governance on entrepreneurial succession.

Third, digital transformation has been studied more and more in academia; yet, little research addresses the role of artificial intelligence, data analytics, Industry 5.0 and platform business models in the framework of entrepreneurial decision-making in family businesses. Future studies should analyse the relationship between DCS and succession success.

Fourth, entrepreneurship education is a new research field that needs to be better validated empirically. Experential learning, mentoring programmes, family business incubators and executive education may be effective at enhancing entrepreneurial competencies among family business successors and should be explored in future studies.

Fifth, there are relatively few studies that combine several theoretical perspectives. Future studies should build on the works of Socioemotional Wealth Theory, Dynamic Capabilities Theory, Entrepreneurial Orientation Theory, Resource-Based View and institutional perspectives to create comprehensive models to explain entrepreneurial succession.

Last, future research should not only look at the outcomes of succession but also the elements that make entrepreneurs resilient, mental health aspects of entrepreneurship, the transfer of knowledge between generations, entrepreneurship in the context of sustainability and ESG, and the use of the AI tool providing strategic decision-making support to family entrepreneurs. This research would offer more in-depth theories and help practitioners deal with the more volatile business world.

Practical Implications

The results of this systematic literature review have significant implications for family business owners, family business successors, educators, and policy makers. Family business owners should first understand that succession isn't merely a transfer of ownership, but a process of entrepreneurial development over a long period of time. Succession planning, mentoring, and delegating strategic tasks of increasing responsibility can help build up the entrepreneurial confidence of successor(s) and can minimize intergenerational conflict. Family structures, advisory boards and clear leadership structures should be formalized to enable smooth leadership succession and to avoid confusion about future roles.

Second, next generation successors need to be trained in entrepreneurial skills in addition to their managerial skills. The review shows that entrepreneurial self-efficacy, innovation orientation, strategic thinking, digital literacy, and adaptive leadership are the significant factors that affect the outcome of the business succession. Taking on external work experience, attending executive education programmes and networking with entrepreneurs can bolster strategic decision-making and help organizations transform.

Thirdly, higher education institutions must rethink the curricula for entrepreneurship and family business to include experiential learning, business simulations, industry projects, mentoring, and digital transformation courses. University can create family business incubators and/or succession laboratories, which offer hands-on experience with governance, innovation management and sustainability issues faced by family businesses. All such projects would fill this gap between theory and practice in entrepreneurship.

Lastly, policies and entrepreneurship support agencies must create programmes tailored to the needs of family businesses going through a generational change. Entrepreneurial preparedness can be improved and long-term sustainability for family-run businesses be reinforced, through financial incentives for digital transformation, innovation grants and mentoring networks as well as succession advisory services. Entrepreneurial succession is a key element of family business and its development and strengthening should be an inbuilt component of the national entrepreneurship and SME policy.

8. Conclusion

Family businesses remain one of the leading sources of economic and innovative growth, and jobs, globally. But passing on such enterprises from generation to generation is also big business challenge for entrepreneurs. The aim of this SLR was to compile the latest evidence on the challenges faced by next-generation family business successors, published between 2023 and 2026.

Five dimensions that are interconnected and influence entrepreneurial preparedness emerged from the review: family dynamics and socioemotional influences, entrepreneurial competences and leadership preparedness, governance and succession planning, digital transformation and external environmental challenges, and entrepreneurship education. Together, these dimensions indicate that entrepreneurial succession isn't just about ownership transfer, but about cultivating leadership, innovation, effective governance, technological agility, and lifelong learning at the same time.

The review makes a contribution to the literature of family business in three ways. It brings together scattered evidence under a unified theme that offers an explanation for entrepreneurial succession. Second, it presents an integrated conceptual model illustrating the interaction between family and organizational, educational and environmental factors of successor preparedness. Third, it provides a description of the key theoretical and methodological deficiencies and a future research agenda to help inform future empirical studies.

While a rigorous PRISMA-based method was used in this review, there are some limitations that should be noted. The analysis took place only on articles in English, published between 2023 and 2026 and indexed in Scopus and Web of Science. Further strengthening of evidence synthesis will be provided in future reviews through the use of other databases, grey literature and bibliometric methods.

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