Entrepreneurial intentions and family business generational transfers: The mediating role of re-organization among small and medium enterprises

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Abstract

Purpose – The study empirically explores the influence of re-organization on entrepreneurial intentions and family business generational transfers among small and medium enterprises (SMEs).

Design/methodology/approach – Using multi-group analysis and partial least square structural equation models, data from 252 family-owned businesses were analyzed.

Findings – The results reveal that re-organization partially mediates the relationship between entrepreneurial intentions and family business generational transfers among SMEs.

Research limitations/implications – The study used a cross-sectional survey approach and focused on Kampala business district. If required and funding permits, a longitudinal study in this field may be conducted.

Practical implications – Family business owners ought to involve their family members in the management of the business from an early age, including them in the decision-making process, and use social exchange to strike a balance between their personal goals and the objectives of the business. In order to protect the business's goals, the business founder should mentor the next generation through quality family social interactions.

Originality/value – Integrating entrepreneurial intentions and re-organization is likely to improve the survival rate of family business generational transfers among SMEs in Uganda using social exchange theory.

Keywords Entrepreneurial intentions, Re-organization, Family business generational transfer, SMEs

Paper type Research paper

1. Introduction

Family-owned businesses, the majority of which are small and medium-sized enterprises (SMEs), make a substantial contribution to the socio-economic development of any country

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(Miroshnychenko, Barontini, & De Massis, 2020; Coulson-Thomas, 2016). Family businesses account for 70% of the global Gross Domestic Product (Birdthistle & Hales, 2023). They also remain the most dominant form of businesses in Africa because they substantially contribute to African economies in creating employment and use of natural resources (Acquaah, 2016). The continuity of a family business lies in the owner planning for successful intergenerational transfers (Ardyan, Sutrisno, & Padmawidjaja, 2023; Fernández-Roca, López-Manjón, & Gutiérrez-Hidalgo, 2016). The business owner must plan for who should be next in charge to succeed him/her for the continuity of the business by developing principal successors who can transform the business when he/she retires (Sindambiwe, 2020). According to Cater (2012) and Lorandini (2015), respectively, 70–75% of family businesses do not survive to the second generation, and less than 10% of them make it to the third. This is a result of failure to plan for the most important decisions of intergenerational transfers (Rovelli, Ferasso, De Massis, & Kraus, 2022).

Theoretically, previous studies on intergenerational transfers have used organizational theory to explain social structures in formal organizations (Davis & Marquis, 2005). Agency theory to explain the behaviors of actors in family firms (Meckling & Jensen, 1976). Resource based view theory to explain a bundle of resources distinctive to a family firm (Habbershon & Williams, 1999), Organizational identity theory to explain identity issues in a family firm (Whetten, Foreman, & Dyer, 2014) and theory of social emotional wealth because of the emotional aspects involves in running both the family and the business (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). On a close scrutiny these theories do not bring out social interactions of family members and intergenerational transfers in family business. Family business's generational transfer is embedded in the social interactions of family members. This is premised on social exchange theory (Coleman, 1986) which explains that the relationships between founder and family members create an environment for the family member's engagement in learning, managing, and getting involved in the business. This in turn creates a deeper sense of commitment and ownership as well as increased potential for successful transition (Barnett, Long, & Marler, 2012). Developing and sharing a plan is a signal to stakeholders that the business can prepare for the future, suggesting an orderly transfer of power during a succession event (Madden, Madden, Strickling, & Eddleston, 2017).

Empirically, existing studies on family businesses intergenerational transfers focused on the process of selecting successors and ignored implementing a structured framework that fosters talent development and management (Groh, 2020), how families can maintain control of non-financial benefits (Burkart, Panunzi, & Shleifer, 2003) conflict resolution within the family as a factor of intergenerational transfers (Ardyan *et al.*, 2023; Venter, Boshoff, & Maas, 2005), cultural continuity based on women in family firms (Martinez Jimenez, 2009). Daughter exclusion in succession planning and transfers has been a common issue, although Wang (2010) highlights the growing recognition of daughters as strong candidates for intergenerational transfers. Continuity and commitment emphasize the dedication to maintaining the family ownership of the enterprise (Mahto, Davis, & Khanin, 2014), intergenerational value transmission where the business owner focused on intergenerational value transmission passed from parents to children (Albanese, De Blasio, & Sestito, 2016). Welfare needs and quality of relationships between CEO and successors focusing on positive relationship influencing intergenerational transfers (Söderström & Kock, 2023).Knowledge and innovation focusing on how innovation and knowledge influences sustainability and intergenerational transfers (Baltazar, Fernandes, Ramadani, & Hughe, 2023). Recently, desire and reality in intergenerational transfers focused on the wide mismatch among family member's desires and contradictions during the intergenerational transfer process (Pahnke, Schlepphorst, & Schlömer-Laufen, 2024). It should be noted that the aforementioned studies were conducted in industrialized nations with advanced economies and that they specifically used a nucleus family structure (Haynes *et al.*, 2021). The way a nuclear family is known in

Western literature does not fit in the African setting where a broader set of individuals are part of a family, ranging from the nuclear family to extended family members and it is not easy to demarcate between them (Leon, 2014; Bewayo, 2009; Khavul, Bruton, & Wood, 2009). Contextually, Uganda National strategy for economic development (2022) was established to reignite productive use of local resources and self-help. This premise is based on Uganda's abundant natural resources, which are seen as crucial for fostering economic development that benefits generations of Ugandans. Despite the fact that there was hope that this strategy will put together government, private sector and communities to form partnerships and mobilize resources to develop their localities, the policy does not address the needs of family business intergenerational transfers like, mentorship, successor selection, family control and social identity.

Though Uganda has been rated as the world's third most entrepreneurial country (GEM, 2009), it has a high business failure (Mayanja, Ntayi, Munene, Balunywa, Sserwanga, & Kagaari, 2019). It is estimated that 30% of businesses fail in the first year of operation, at more than 50% fail in three years and by end of 5 years only 20% of businesses are still in existence (UIA, 2020). Family-owned businesses being culpable for the majority of these mishaps. In the local context, Lujja and Katamba (2023), studied family business failure and the role of organization culture, Turyatunga (2023) studied the strategic role of enterprising families in transgenerational growth and continuity of family businesses in Uganda, while Kwoba (2023) investigated the factors influencing Ugandan family-owned manufacturing businesses' performance. In addition, Rwomushana (2022) focused on human resource practices, family business continuity and the role of succession planning. Largely, these studies ignore the mechanism that entrepreneurial intentions relate to family business generational transfers. According to recent studies, around 30% of the variation in actual entrepreneurial activity can be explained by entrepreneurial intention (e.g. Rauch & Hulsink, 2014; Kautonen, van Gelderen, & Fink, 2013). The role of parents and family background influences the entrepreneurial intentions of their offspring and family business continuity (Mileva, Bojadjiev, Stefanovska-Petkovska, & Misoska, 2021). From existing literature, it can be extrapolated that, successful generational transfer occurs through continuous re-organization of family members by business owner. This process involves establishing a robust framework that nurtures and develops talent, ensuring long-term stability and success for the family business (Daspit, Holt, Chrisman, & Long, 2016). Re-organization of family members and business structures could also be such enabling mechanisms through which entrepreneurial intention and family business generational transfers relate (Maurer, Bach, & Oertel, 2023). Engaging in meaningful behaviors and goal-directed activities are key components of family re-organization. To a much higher extent than a family business, the family members begin to engage in entrepreneurial activities that create the circumstances for personal commitment and self-realization (Grumi, Pettenati, Manfredini, & Provenzi, 2022). At every turn and action, the family members ask themselves not just what they must do, but also what they ought to do and what is right. A stronger sense of family and business integration can be attained through the re-organization of family members and activities, which presents several potentials for family business continuity (Ardyan *et al.*, 2023; Shir & Ryff, 2022). These studies largely ignore the role re-organization can play in linking entrepreneurial intention to family business generational transfer among SMEs. At a practical level, our research offers valuable perspectives for business owners/managers, emphasizing the need of integrating their family members into the operational aspects of the business from a young age, engaging them in the decision-making procedures, and leveraging social exchange to establish symmetry between family member aspirations and the business objectives. To safeguard the business's objectives, it is imperative for the business owner/manager to guide the succeeding family members through meaningful familial social engagements that support family business intergenerational transfers.

This study provides answers to the research question based on this discourse;

RQ1. Does the family member's re-organization mediate the relationship between entrepreneurial intentions and family business generational transfers among SMEs?

This study contributes to the body of knowledge in understanding how family business intergenerational transfers are predicted by entrepreneurial intentions and re-organization. We hypothesize that re-organization mediates the relationship between entrepreneurial intentions and intergenerational transfers. Großmann and Schlippe (2015) assert that family businesses provide fertile environments for family conflicts. Therefore, re-organization allows potential tensions that sit at the intersection of family and business to be considered such as order and disorder, chaos and stability, integration and differentiation (Brines, Shepherd, & Woods, 2013). According to Ricciardelli, Manfredi, and Antonicelli (2018), re-organization strengthens each actor's ability to respond since it enables inter-coordination of members to share information and gain the knowledge essential about the modes and places of engagement and collaboration to accomplish the desired objectives.

The study hypothesizes that re-organization mediates the relationship between entrepreneurial intentions and intergenerational transfers in a developing country like Uganda.

Following this introduction and the contribution, the rest of this paper is organized as follows: the next section reviews literature based on the hypotheses of the study, followed by the research methodology, presentation of results, discussion of results, implications, limitations, and areas for future research.

2. Theoretical foundation and literature review

2.1 Theoretical foundation

In this study, the relationship between entrepreneurial intention and intergenerational transfers as mediated by re-organization was investigated through Social Exchange Theory (Yoo, Schenkel, & Kim, 2014; Long & Mathews, 2011; Coleman, 1986; Granovetter, 1985; Emerson, 1976). The theory posts that, exchange of resources is governed by norms of reciprocity, representing universal expectations of mutually agreeable and in-kind behaviors. The structural outcomes of repeated reciprocal interactions in turn create overarching systems of obligation, expectations, and shared schemata (Long & Mathews, 2011) that lead to two types of self-reinforcing reciprocity, i.e. direct/mutual and indirect/unilateral. These underlie a continuum of exchange systems ranging from restricted to generalized exchanges, respectively (Ekeh, 1974; Lévi-Strauss, 1971). Additionally, Cabrera-Suárez, De Saá-Pérez, and García-Almeida (2001) assert that the intention to pass control to the next generation in the family firm also results in a situation, wherein family-member employees are expected to manage social exchange relationships with the firm in perpetuity. Social exchange theory explains how the business founder creates entrepreneurial intentions of engaging family members to participate in the management of the business such that the family members self-organize by adapting to the dynamic environment of the family and the business, and have a buy-in of the business founder to have continuity beyond generations (Long & Mathews, 2011; Coleman, 1986).

2.2 Literature review

2.2.1 Entrepreneurial intentions and family business generational transfers. Entrepreneurial intentions are understood as the cognitive state that directs a person to start a business (Leung, Franken, & Thurik, 2020). The ability of the family to provide access to both financial and non-financial resources, as well as the conscious and unconscious transmission of values and behaviors, are known to have an impact on the entrepreneurial intentions and behaviors of offspring (Laspita, Breugst, Heblich, & Patzelt, 2012; Schoon & Duckworth, 2012; Sørensen, 2007). Furthermore, according to Mathias, Williams, and Smith (2015), a family has been shown as a setting for learning (Hamilton, 2011) that imprints the subsequent generation. Intergenerational transfers are regarded as the behaviors and occurrences that cause the leadership of a family business to change hands from one family member to another (Cid, San Martín, & Saona, 2022). This is done by cultivating, growing, and enhancing the family members' expertise, which includes the knowledge passed down from predecessor to successor (Cabrera-Suárez *et al.*, 2001), members of the next generation can be prepared to fulfill the leadership roles (Ward, 2011).

Entrepreneurial intentions influence generational transfers since the entrepreneurial parents can trigger their offspring's entrepreneurial intentions through education, socialization, and conscious or unconscious transmission of entrepreneurial values, knowledge, and skills across generations (Laspita *et al.*, 2012). Growing up in an enterprising family and being exposed to firm-specific family business experience certainly shapes the entrepreneurial intentions and capabilities of the next generation, a process known as the intergenerational transmission of entrepreneurship (Pittino, Martínez, Chirico, & Galván, 2018; Criaco, Sieger, Wennberg, Chirico, & Minola, 2017). While succession literature often discusses family business owners' preference for children who are both highly committed and competent (Richards, Kammerlander, & Zellweger, 2019), it is not necessarily the case since children have other options (Telling & Goulding, 2020). For offspring, however, a career in the family firm is merely one of three career choices available to adolescents, founding one's venture or seeking employment elsewhere being the alternatives (Zellweger, Sieger, & Halter, 2011). Therefore, in the family business context, when offspring create a sense of attachment to the parents' business, it leads to a preference for succession (Hamilton, 2011; Sharma & Irving, 2005), thus intergenerational transfer. The business founder may have strong intentions for passing his/her business on to the next generation, but Fries, Kammerlander, and Leitterstorf (2021) contend that the business owner/manager may lack effective leadership style for handling family emotional issues and paternalistic behavior for family members to be fully engaged.

Previous scholars studied entrepreneurial intentions among university students (Cassol, Tonial, Machado, Dalbosco, & Trindade, 2022; Maheshwari, Kha, & Arokiasamy, 2022), the relationship between social and economic resources and entrepreneurial aspirations (Zulfiqar, Ansar, Ali, Hassan, Bilal, & Rahman 2022), as well as between entrepreneurial enthusiasm and aspirations (Neneh, 2022). Leon (2014) found out that interpersonal conflicts among family members, differing visions for the business, and unclear roles can complicate succession planning. Upon further examination, it was found that none of these studies examined the intentions of entrepreneurs and the generational transfers of family businesses in developing countries.

Social exchange theory explains how entrepreneurial intentions in family business generational transfers are influenced by the exchange of resources, trust, reciprocity, and adherence to family norms. Successors in family businesses are motivated by the expectation of receiving benefits such as ownership, financial gains, and familial legacy, which fosters commitment and continuity across generations (Pukall & Calabrò, 2014). This theoretical framework underscores the importance of understanding relational dynamics and long-term orientations in sustaining family business success.

This study therefore contributes to the body of knowledge on how business founders might manage their entrepreneurial desires through social interactions that have economic benefits. The founder's business interests and values are likely to be continued by the family members or protected, passing them on to the next generation. Therefore, we argue that entrepreneurial intentions are related to intergenerational transfers.

H1. Entrepreneurial intentions are positively related to family business generational transfers.

2.2.2 Entrepreneurial intentions and re-organization. Re-organization is conceptualized as significant and disruptive overhaul of a business intended to achieve the set objectives. It may include replacing management, cutting budgets, and laying off workers (Maurer *et al.*, 2023). Family businesses can usefully be thought of as social exchange theory where new and unexpected structures emerge through re- organization (Hayward, Hunt, & Miller, 2022). Specifically, knowledge in family firms, together with the ability to create and transmit it, is regarded as a key strategic advantage that can be positively associated with high output levels (Cabrera-Suárez *et al.*, 2001). In this regard, Martinez-Conesa, Soto-Acosta, and Carayannis (2017) argue that firms need to self-organize and realign their knowledge capabilities, such as the processes of knowledge exploration, retention, and exploitation inside and outside of the business to adapt to environmental changes.

Since the family has been depicted as a learning context (Hamilton, 2011) that imprints the next generation (Mathias *et al.*, 2015), the relationship between entrepreneurial actions and re-organization is reflected in how children adopt both the values and the behavior of their families through observational learning (Boyd & Vozikis, 1994; Bandura, 1986). Thereby, parents and other family members may serve as cognitive models that can be adopted by their children to construct their possible future by themselves (Hahn *et al.*, 2021; Gibson, 2004). Particularly in entrepreneurship, as a highly complex and uncertain vocational path, having entrepreneurial role models may fulfill several interrelated functions that are crucial to shaping career aspirations and decisions (Hahn *et al.*, 2021). Parental motivation and inspiration raise awareness and spur family members to action. It also boosts learning by example, which establishes normative standards for behavior; learning by support, which provides people with direct assistance and guidance, and self-efficacy, which gives people confidence that they can complete a task (Hahn *et al.*, 2021; Bosma, Hessels, Schutjens, Van Praag, & Verheul, 2012).

Dawson, Irving, Sharma, Chirico, and Marcus (2014) stated that individuals who strongly identify with the family enterprise come to view the firm as an extension of themselves and their family name. However, Leon (2014) argues that family members may not necessarily share the same vision, particularly when it comes to managing talent within the family business. While the business owner or manager may have a strong desire to sustain and preserve the business for future generations, this commitment may not be generally embraced. Some family members might be hesitant to fulfill such responsibilities, potentially leading them to establish new businesses independent of their parent's venture (Hahn *et al.*, 2021).

Therefore, presence of the family business and the high levels of exposure to entrepreneurial action and behavior during childhood and adolescence are likely to shape an individual's attitude toward entrepreneurship and may strongly influence his or her intent to follow an entrepreneurial path that contribute to intergenerational transfers (Carr & Sequeira, 2007).

H2. Entrepreneurial intentions are positively and significantly related to re-organization.

2.2.3 Re-organization and family business generational transfers. The relationship between re-organization and generational transfers is seen in how values are honestly communicated to the incoming generation responsible for preserving and transferring them across generations (Martinez-Conesa *et al.*, 2017). In family enterprises, values are personal and have a profound impact on the ability to encourage employees. Every family member and non-family employee must internalize the family business's values (Zellweger & Astrachan, 2008). Values will help individuals adhere to long-term objectives, be disciplined in their commitments, accomplish challenging tasks (Aronoff & Ward, 2000), and establish behavioral patterns or norms (Schwartz, 2012). In family enterprises, profound values can drive the development of strategies and success if well communicated (Ardyan *et al.*, 2023).

When examining succession processes in family businesses, communication plays a crucial role in adopting a relational perspective. First of all, joint action is a relational activity that might open up opportunities for succession that otherwise would not have been found. According to Leon (2014) and Handler (1994), succession is a relational process in which the people involved modify their behavior to accommodate the others. This is because the predecessor(s) and the successor(s) are constantly dependent on each other in a relational sense; for example, the predecessor must be willing to vacate their existing position and the successor must be willing to take it over (Baù, Hellerstedt, Nordqvist, & Wennberg, 2013).

Effective communication within families shape relationships, influences interpersonal interactions and dynamics, and facilitates intergenerational transfers of knowledge and authority (Leon, 2014; Dahl, 1994). The founder of the business's inability to let go and the successors' or other family members' lack of trust and motivation are identified as important relational factors that contribute to the iniquity of the succession process, even in the presence of family values and a well-thought-out communication plan (Björnberg & Nicholson, 2012; De Massis, Chua, & Chrisman, 2008). As a result, it is stated that both individual family members and the family as a whole need to consider its principles on acquiring, using, preserving wealth and how it wants to be remembered in the community (Devins & Jones, 2016). This will probably foster sincerity, trust, and communication, which will influence generational transfers (Leon, 2014). The social exchange theory explains how family members exchange knowledge, skills, and financial assets during succession planning. Trust is crucial for effective transitions, fostering commitment and continuity across generations. Norms and reciprocal obligations influence decisions in managing re-organization processes aimed at sustaining family legacies and business success over intergenerational transfers (Nordqvist, Sharma, & Chirico, 2013; Coleman, 1986). We therefore hypothesize that re-organization is positively related to family business generational transfers.

H3. Re-organization relates to family business generational transfers.

2.2.4 Entrepreneurial intentions, re-organization and family business generational transfers. The key to the successful transfer of entrepreneurial intentions to another generation lies in how enterprising families can self-organize, communicate, and develop shared values with their children. The children's attitudes, mind-sets, and characters are heavily influenced by interactions with their parents through patterns of communication (Hahn *et al.*, 2021; Jaskiewicz & Dyer, 2017). Patterns of communication within a family determine how members interact with each other to process information and form beliefs/attitudes towards different social phenomena through family conversations (Young & Schrodt, 2016). Family members engaging in open, free, collaborative, and frequent conversations discover meanings of different phenomena and form a shared understanding of family values and beliefs among family members (Chang, Mubarik, & Naghavi, 2021). This helps the family to alter meaning to re-organize resources and responsibilities influencing intergenerational transfers.

However, there are circumstances where re-organization may not necessarily lead to the transmission of entrepreneurial intentions thus jeopardizing intergenerational transfers. This can happen when the process of re-organization and emergent patterns arise from a greater pull out to the extremes which can lead to challenges that affect both the family and business dynamics (Roos & Botha, 2022). The emergent patterns arise when new family members join the business in some capacity leading to family and business to experience change and potential chaos leading to a state of disintegration (Murray, 2003). Therefore, for re-organization to be successful, family members need to be accountable to each other, separate social relationships and business relationships to communicate entrepreneurial intentions openly to influence intergenerational transfers.

In developing countries, social exchange theory offers a lens through which to understand how entrepreneurial intentions, re-organization, and generational transfers unfold within family businesses. It highlights the exchange of resources, trust-building, and adherence to family norms as pivotal in shaping these processes. Successors often pursue entrepreneurial roles to uphold family traditions and social status, while re-organization involves transferring knowledge and resources to sustain business continuity. Generational transfers aim to preserve socio-emotional wealth alongside economic assets, fostering resilience and innovation despite contextual challenges (Yoo *et al.*, 2014; Long & Mathews, 2011).

H4. Re-organization mediates the relationship between entrepreneurial intentions and family business generational transfers.

3. Methods

3.1 Research design

The study adopted a cross-sectional and descriptive research design to collect quantitative data in the given period of time (Ripollés & Blesa, 2012). The study population consisted of 76,639 registered small, medium, and large enterprises located in Kampala City (UBOS, 2018/2019). The businesses were from the trade, manufacturing and services sectors, employing more than 7 employees because those are the one that qualify under SMEs. Kampala Capital City was chosen as the preferable location because it is a hub and a major commercial center with the greatest concentration of businesses. A multi-sector sampling was preferred because it controls for the sector specifics that could influence the extent of planning for family business generational transfers. Stratified sampling was used in studying family businesses to ensure a representative and diverse sample. It involved categorizing family businesses into different strata (trade, manufacturing and services). A sample was selected from each stratum proportionally, ensuring that all segments of the family business population were adequately represented. Purposive sampling was used to select family business owner/manager as our key respondents because of their experience. The sample size was determined using (Krejcie & Morgan, 1970). The scholars recommend increasing the minimum sample size by 10–50% to accommodate the invalid or lost questionnaires. The targeted sample size was 382 businesses but 253 responded representing 66.2%. The unit of inquiry was business owners and managers; therefore, the number was (253*2) = 506. The unit of analysis was a family business entity. The study focused on businesses that had existed for at least 5 years because they had adequate experience in managing family businesses. Snowballing sampling technique was used to select businesses from each category per division. This approach was preferred because there was no easily available data like demographic information about family businesses. The family business owner/manager recommended the next family business with the required characteristics to be part of the study until we go the adequate study sample. Gender inclusion was considered to include women-owned family businesses.

The descriptive statistics show the business ownership structure, the majority were sole proprietors 122 (48.2%), partnerships 43 (17%), and private registered companies 88

(34.8 %). The category of business was, trade 126 (50%), manufacturing 29 (11.4%), and services 98 (38.6%). Most of the businesses that had existed for more than 5–10 years were 116 (48.5) %. Family employees 1–2 were 106 (41.9%), and 3–4 employees were 102 (40.3%). The individual characteristics were as follows: males were 142 (56.1%) while females were 111 (43.9%). The age of business owners/managers was 26–35 years (39.1%), while 36–45 years (28.9 %). The highest level of education was a degree (49.8%). The highest number of years in business was 5–10 years (59.7%), and the highest number of dependents 1–5 was (79.4%).

3.2 Data collection and sampling procedure

Data from SMEs selected for the study were gathered using a structured questionnaire. This was done to limit responses to alternative possible solutions while obtaining facts and thorough information about the research variables. A sample of managers and owners of businesses who were actively involved in generational transfers within family businesses were identified by each group. This sample frame made it possible to evaluate the phenomena and its predecessors among SMEs. The business owner or manager of each SME completed the surveys and sent them back to the study team sealed in an envelope. However, there were times when the business manager or owner instructed the researcher to collect the completed survey from their premises. The management or owner of the business were not compensated for participating.

3.3 Instrument development and measurement

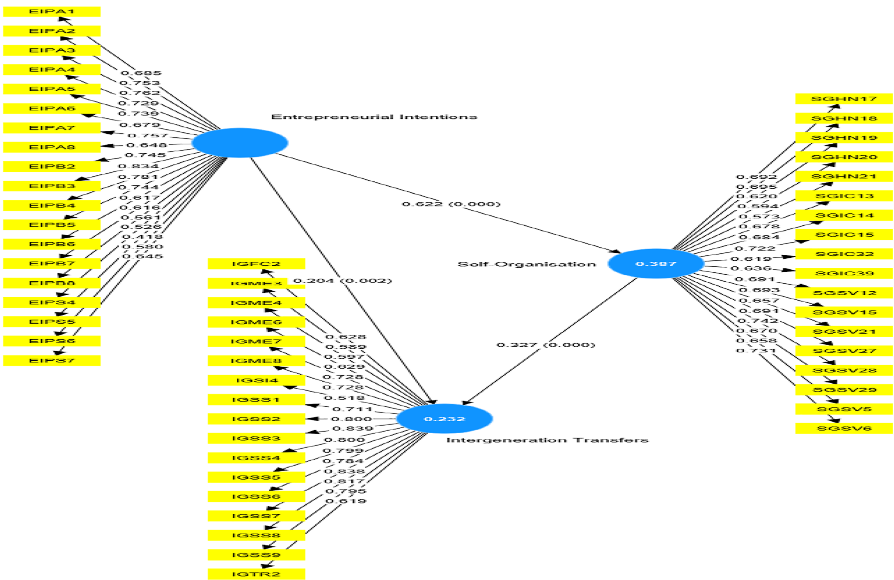
The instrument was developed based on the perceptions of the family business owners and managers. Entrepreneurial intentions were measured using personal attitude, perceived social norms, and perceived behavior control (Wang, Wang, & Chen, 2018; Carr & Sequeira, 2007; Krueger, Reilly, & Carsrud, 2000). Re-organization is measured by communication, honesty, and shared values (Choi, Dooley, & Rungtusanatham, 2001; Nilsson, 2019). Family business generational transfer was measured using successor selection, social identity, mentorship, family control, and trust (Kiwia, Bengesi, & Ndyetabula, 2020; Zellweger, Nason, & Nordqvist, 2012; Bizri, 2016; Van der Merwe, Venter, & Farrington, 2012). The researchers used a closed-ended questionnaire to gather their data. To avoid a middle point between 1 (never/definitely not) and 6 (Agree completely, without any doubt/completely disagree, without doubt), all questions were anchored on a six-point Likert scale. To fit the study environment, we also modified previously evaluated items (Podsakoff, MacKenzie, & Podsakoff, 2012). References to previous academics' theoretical and empirical studies were utilized to operationalize and measure the study variables. Each variable was evaluated using reflective items that had been modified from earlier academic publications to meet the study's context.

3.3.1 Reliability, convergent validity and collinearity. Henseler, Ringle, and Sarstedt (2015) use the HTMT ratio to measure discriminant validity by assessing how much the observed component genuinely differs from other components. The HTMT ratios for reflective Lower Order Construction and Higher Order Construction in the structural model are below the cautious threshold value of 0.85, demonstrating the good discrimination of the study variables. According to Hair, Howard, and Nitzl (2020), the composite reliability value was above 0.70 and below 0.95, and the item loading significance was >0.708. According to Kock's recommendations, the model's Value Inflated Figure (VIF) and Average Value Extracted (AVE) scores were both >0.50 and below 3.3, respectively. According to the findings, the empirical data are in agreement with Franke and Sarstedt (2019) and Henseler *et al.* (2015). These results are presented in Table 1 and Figure 1 below.

	Cronbach's alpha	CR	AVE	VIF
Entrepreneurial intentions				
Attitude	0.881	0.882	0.678	2.498
Perceived behavioral control	0.863	0.875	0.598	1.576
Perceived social norms	0.723	0.742	0.553	1.423
Re-organization				
Communication	0.846	0.848	0.621	2.027
Honesty	0.846	0.849	0.620	2.242
Shared values	0.893	0.894	0.572	1.928
Intergenerational transfers				
Family control	0.701	0.716	0.623	1.436
Mentorship	0.886	0.887	0.637	2.087
Social identity	0.776	0.782	0.611	1.670
Successor selection	0.868	0.870	0.717	2.443
Trust	0.800	0.802	0.556	1.689

Source(s): Primary data

Table 1.
Reliability, convergent validity and collinearity



Source(s): Primary data

Figure 1.
Structural model estimates

3.4 Common methodology bias

According to Hult *et al.* (2018), questions should be posed in surveys to combat prevalent technique biases, especially when structured questionnaires are utilized. Both procedural and post-statistical strategies were employed to address these issues. We made sure to conduct a thorough pretest, which included interviews, consultations, and pilot testing with family business owners/managers and academics, as advised by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). The full collinearity test (Kock, 2015) and Harman's (1967) single-factor test were both carried out using statistical techniques. We first loaded all research variables into a rotating component factor analysis and ran Harman's (1967) single-factor test. The principal component matrix revealed 20 variables that accounted for 73.55% of the covariance between the measures, which is much more than the 50% cutoff point (Greene).

3.5 Zero-order correlations of study variables

The associations between the study variables were examined using a correlation analysis. Entrepreneurial intentions and family generational transfer ($r = 0.363$, $p < 0.01^{**}$), entrepreneurial intentions and re-organization ($r = 0.623$, $p < 0.01^{**}$), re-organization and business generational transfer ($r = 0.456$, $p < 0.01^{**}$). The study variables are positively, and significantly correlated, according to Table 2. This served as the foundation for executing a variance-based PLS-SEM.

3.6 Hypothesis results

Smart PLS 4.0.9.0, which employs bootstrapping to calculate standard errors and significance, was used to test our study hypotheses. 10,000 subsamples are employed with a no-sign significant choice at a 95% bias-corrected confidence interval to reach significance. We provide the PLS path coefficient and p-values for the model, and the outcomes are statistically significant at ($P = 0.05$).

The results indicate that entrepreneurial intentions positively and significantly predict family business generational transfer ($\beta = 0.204$, $p = 0.000$). Further, entrepreneurial intentions and re-organization have a positive and significant relationship ($\beta = 0.622$, $p = 0.000$). In addition, re-organization and family business generational transfer have a positive significant relationship ($\beta = 0.327$, $p = 0.000$).

3.7 Testing for mediation

The mediation testing was carried out to comprehend the underlying mechanisms that account for the influence of predictor variables on an outcome. According to Hair, Matthews, Matthews, and Sarstedt (2017), when the direct path is significant, a mediator variable is introduced, and bootstrapping is once again used to evaluate the significance of the indirect path. If the direct path is initially not significant, there is no mediation impact. In other words, there is no mediation if the indirect path is not significant; otherwise, the variance accounted for (VAF) is calculated. It should be noted that full mediation is indicated by a VAF value above 80%, partial mediation is indicated by a value between 20% and 80%, and no mediation is indicated by a value below 20% (Hair *et al.*, 2017). To test for mediation hypotheses following Cepeda-Carrion, Cegarra-Navarro, and Cillo's (2019) recommendation, we introduced re-organization as an intermediate variable between entrepreneurial intentions and family business generational transfers. The results show that re-organization has a positive and significant mediating effect in the relationship between

	Mean	SD	Entrepreneurial intentions	Re-organization	Intergenerational transfers
Entrepreneurial intentions	5.005	0.692	1.000		
Re-organization	5.228	0.550	0.623**	1.000	
Family generational transfers	4.727	0.872	0.363**	0.456**	1.000

Note(s): **Correlation is significant at the 0.01 level (2-tailed)
Source(s): Primary data

Table 2.
Correlations results

entrepreneurial intentions and family business transfer ($\beta = 0.203$, $p = 0.000$, with lower and upper boundaries of the 95th BCa CI values of 0.114 and 0.286), confirming our theorized indirect relationship of entrepreneurial intentions and family business generational transfer through re-organization. This implies that re-organization partially mediates entrepreneurial intentions and family business generational transfer (VAF = 45%). These results are presented in Table 3 and Figure 2 below.

4. Discussion

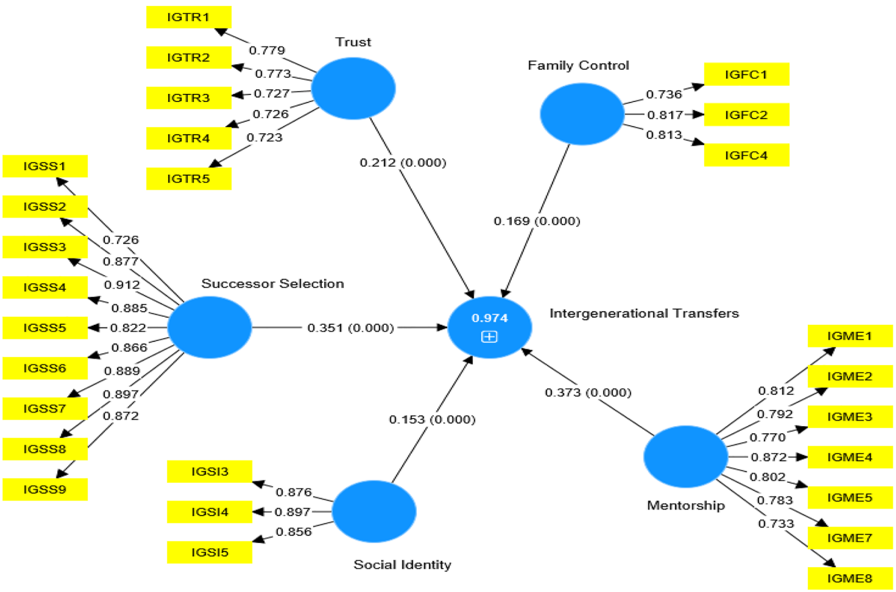
In this study, Social Exchange Theory (Coleman, 1986) was used to investigate how entrepreneurial intentions and re-organization predict family business generational transfer among SMEs. The study established that entrepreneurial intentions and re-organization are positively and significantly related to family business generational transfers among SMEs. Therefore, the discussion of results is threaded on the stated hypotheses of the study.

Entrepreneurial intentions and family business generational transfers are correlated. This means that business owners with a positive attitude, coupled with the necessary competencies for spotting business opportunities, are likely to identify and mentor some family members to exploit such prospects for family business continuity to another generation. Additionally, the business owners with perceived social norms are likely to believe that the family business owner should pursue a career as an entrepreneur. This is likely to motivate him/her to engage some family members in discussing feasible business ideas. Over time, some family members could start asking for mentorship and also have a desire to influence the interests of the family business. Relatedly, the perceived behavioral control of having continuity of the family business is likely to influence the business owner to identify trusted family members to take part in the responsibility of managing the family business activities that support community. This concurs with Ardyan *et al.* (2023) and Laspita *et al.* (2012), who assert that the exposure of the family business owner might improve his or her entrepreneurial intentions to engage the family members to value

	β	Std. Error	*T*-statistics	*p*-values	95% bias corrected CI
Direct effects					
Entrepreneurial intentions → Intergeneration transfers	0.204	0.066	3.091	0.002	[0.073, 0.33]
Entrepreneurial Intentions → self-organization	0.622	0.040	15.704	0.000	[0.527, 0.683]
Re-organization → intergeneration transfers	0.327	0.065	4.999	0.000	[0.188, 0.447]
Indirect effects					
Entrepreneurial Intentions → re-organization → intergeneration transfers	0.203	0.044	4.583	0.000	[0.114, 0.286]
Total effects					
Entrepreneurial Intentions → Intergeneration transfers	0.408	0.042	9.743	0.000	[0.316, 0.476]
Entrepreneurial Intentions → re-organization	0.622	0.040	15.704	0.000	[0.527, 0.683]
Re-organization → intergeneration transfers	0.327	0.065	4.999	0.000	[0.188, 0.447]

Source(s): Primary data

Table 3. Business generational transfer structural model structural model estimates



Source(s): Primary data

Figure 2. Measurement model for intergeneration transfers

business expertise that is imparted for the continuation of the family business to another generation.

Similarly, entrepreneurial intentions and re-organization are significantly correlated. This means that, family business owner with an attitude of having business continuity will always organize family business meetings to communicate important information about the business performance and the trends. This is useful in developing strategies for executing tasks that make the family business attractive to family members. The perceived behavioral control of the family business founder about current and future tasks influences his or her ability regarding the difficulty or ease of performing a given responsibility. This will inspire the family business founder to identify the honesty of family members and start sharing his/her values that are important for family business generational transfer. This is in tandem with Hahn *et al.* (2021) and Dawson *et al.* (2014) who argue that individuals who strongly identify with the family enterprise come to view the firm as an extension of themselves and their family name. As a result, they tend to develop a strong desire to maintain the firm and preserve it for future generations through re-organization.

Re-organization and family business generational transfers have a positive relationship. This implies that family members who continuously self-organize are likely to have meaningful interactions that support the continuity of the family business beyond generations. Family members who always align their personal goals to the needs of the family business are likely to influence the changes in business operational guidelines. This enhances the family members' ability to adapt to changing conditions by coming up with new patterns, strategies, and commitment to business competitiveness and continuity to another generation. This is in congruence with research by Magrelli, Rovelli, Benedetti, Überbacher, and De Massis (2022) and Leon (2014), who posits that intergenerational relationships occur when there is a reorganization, or when there are direct, inter-subjective relationships between people from different generations in which resources, whether material or immaterial, are purposefully and actively passed from one generation to the next.

Furthermore, the findings reveal that re-organization partially mediates the relationship between entrepreneurial intentions and family business generational transfers among SMEs. This means that a family business owner who continuously r-organizes the family members is likely to share his/her entrepreneurial intentions and generate new ideas through open and quality communication to achieve business continuity to another generation. Re-organization happens when the family business owner develops quality interactions with family members to develop strategies that create shared values and meaning among family members. The business owner over time will intentionally communicate his/her interests and develop honest relationships with family members by assigning them planned tasks. The honest relationships developed over period of time will be the foundation for the family business owner to nurture the future managers of the business for the continuity and intergenerational transfers. The findings resonate with Gong, Jiang, Guo, and Shen (2023) and, Young and Schrodt (2016) who found that patterns of communication within a family determine how members interact with each other to process information and form beliefs/attitudes toward different social phenomena through family conversations which are corner stones of family business generational transfers.

5. Conclusion

Among family businesses, re-organization plays a partial mediating role between entrepreneurial intentions and family business generational transfers among SMEs. In this study, entrepreneurial intentions and re-organization contribute 20.3% towards family business generational transfers. According to Social Exchange Theory (Coleman, 1986), a business founder creates entrepreneurial intent by engaging family members to participate in the management of the business through social exchange. This motivates family members to have a buy-in of the business founder's vision to have continuity beyond generations.

6. Study implications

6.1 Theoretical contribution

This study enriches social exchange theory (Yoo *et al.*, 2014; Long & Mathews, 2011; Coleman, 1986; Emerson, 1976) by exploring its application to entrepreneurial intentions, re-organization, and family business generational transfers. It underscores the importance of integrating entrepreneurial intentions with family re-organization strategies to facilitate successful intergenerational transfers within family businesses. Findings from the study demonstrate that family re-organization mediates the relationship between entrepreneurial intentions and the continuity of family businesses across generations.

The research focuses specifically on developing countries, where family businesses, predominantly SMEs, play a critical economic role. It highlights the significance of supporting family businesses in these contexts, such as Uganda, by addressing disruptions in familial social exchange dynamics and adapting to evolving business environments.

6.2 Managerial

The business owner ought to intentionally identify the potential successors who may be interested in the business activities. The founder or owner shouldn't force any of the family members to work for the business because doing so will prevent it from passing it down to the next generation and risk failure of the succession plan. The owner's sense of social identity, trustworthiness, and family control will all improve as a result of creating an enabling atmosphere.

To ensure the survival of the family business, owners should reorganize the family members structure by honestly communicating shared values to family members. This creates a cohesive structure and plan for carrying out joint operations between the older and younger generations. Further, this safe guards the family enterprise, utilize the founders' preparedness to select the most suitable successor among family members without controversy.

The business owner intentionally engages family members to understand his/her intentions of passing over the business to family members. The business owner/manager, therefore engages in social exchanges with family members allowing him/her to mentor and create bonds. Subsequently communicating his/her personal and family interests to harmonize the conflicts which usually emerge in the process of intergenerational transfers.

7. Policy implication

The Government of Uganda established the National strategy for local economic development in 2014 as a road map for development through utilization of Uganda's abundant natural resources. Despite the emphasis in agricultural development and agro-industrialization, the policy ignores the role played by family businesses in social economic development. Therefore, there is need to integrate family businesses in the policy framework. Further, the Ugandan government ought to create a database of family businesses taking advantage of their novelty in reaching new markets, spurring economic growth and job creation.

8. Limitations of the study

This study has certain limitations that could restrict its generalizability, much like other survey research. This study examines the relationship between entrepreneurial intentions, re-organization and family business generational transfers. Future research could look at additional factors that affect generational transfers in family businesses. The ability to assess differences in family business performance over time is limited when studying family businesses in a snapshot and using quantitative trajectories. This may show little deviations, a more complex and in-depth method utilizing interviews and longitudinal research is required. Additionally, since this study was limited to the Kampala district, findings might not apply to other family-run businesses. To increase generalizability to other family businesses in Uganda, more research is required.

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