# Succession Planning, Strategic Flexibility as Predictors of Business Sustainability in Family-Owned SMEs: Moderating Role of Organization Improvisation

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**Abstract**

The objective of the current study is to test the impact of succession planning (cognitive, structural, and relational ties), strategic flexibility, and organizational improvisation towards the business sustainability considering the triple bottom line as underpinning theory. The survey method was adopted for the data collection and structural modeling technique is used to test the hypotheses. The findings of the current study show that cognitive, structural, and relational ties indicate a positive and significant relationship with business sustainability. Furthermore, findings also indicate the positive and significant association between succession planning, strategic flexibility, organizational improvisation, and business sustainability. The result has shown that organizational improvisation moderates the relationship between succession planning, strategic flexibility, and sustainable business. However, the direction of the relationship between succession planning and sustainable business is positive while, in case of strategic flexibility and sustainable business are negative. Family-owned businesses need to consider succession planning particularly cognitive, structural, relational ties, and strategic flexibility to gain their business sustainability.

**Keywords:** business sustainability, succession planning, strategic flexibility, organizational improvisation, sustainability, small and medium enterprises, SMEs.

## 1. Introduction

Small and medium-sized enterprises (SMEs) constitute 90 percent of world businesses (Knight, 2015). SMEs significantly contribute to employment generation, creation of wealth, international trade, innovation, foreign direct investment, and social-economic wealth. For instance, the USA documented that total registered businesses include 18,500

firms with more than 500 employees and 27.9 million small businesses. These small businesses generate 50 percent of existing private jobs and 65 percent of new jobs are expected by the SMEs registered in the USA (Firoozmand et al., 2015). In addition to that 98 percent of total exports and half of non-farm GDP is contributed by the SMEs in the case of the United States (SBA, 2018). A similar pattern has been observed in OECD economies 95 percent of registered businesses were categorized as SMEs. These SMEs generate 60 percent to 70 percent of total employment (OECD, 2016).

The same pattern has been observed in Asian region 98 percent of registered businesses are SMEs and those contribute to GDP approximately 17 percent to 20 percent in low-income and 40 percent to 50 percent in high-income countries (Ata, 2018). Moreover, ASEAN economies are significantly different concerning SMEs' contribution to economic growth and this economic block in South-East and East Asia. The total population of ASEAN economies is just 645 million, this contributes $2.7 to GDP (in current price) and based purchasing power parity $3.9 trillion which is approximately 3 percent of the world's GDP (Asian Development Bank, 2018).

Nevertheless, a similar pattern has been observed in Pakistan, approximately 3.2 million SMEs were registered and generate 80 percent non-farm employment. Particularly, in the manufacturing sector, SMEs employ 1.2 million persons while a total of 1.8 million people employed in the manufacturing sector of Pakistan. Approximately 40 percent of the total gross domestic product is contributed by SMEs (Government of Pakistan, 2016/17). Although, financing facility is easily available to large corporations as compared to SMEs which create constraints and challenges for SMEs in survival and growth. Government support and technical facilities are not available for SMEs which affect their competitive position in domestic as well as in global markets. The government needs to ensure the availability of technical, financial, functional, marketing, and human resources for the growth and sustainable development of SMEs (SMEDA, 2018).

Throughout the 20th century, the main vectors including education, consumption, financing awareness, on the public subsidies and adaption of technology to ensure the green economy (UNEP, 2010). These vectors and paradigms shift to generate a wave of competition by providing the opportunities to meet the consumers' needs by conservation of natural resources through innovation. The existing economic model is no more acceptable or practically feasible at the industry level under the new vectors. So, firms need to reorient new drivers for extracting resources, transforming and discarding using new technologies for the eco-sustainable development (UNEP, 2010; Bocken et al., 2014; Almeida et al., 2017). It has been well established in the literature that eco-research and development brings high-level complexity, technological change and it has been observed that family-owned businesses are more focused on the adoption of new technologies and eco-research & developments for business sustainability. However, SMEs from the developing countries are unable to understand and equipped with all the changes and the latest technologies particularly related to strategic flexibility (process, product, and market flexibility) (Kandemir & Acur, 2012). Literature indicates that there is a long-time lap in composition and execution of an action in the production process in SMEs from the developing nations due to a lack of proper planning and required level of skills and knowledge (Kumari, 2013).

Organizational improvisation capability can facilitate SMEs from developing nations in attaining business sustainability (Ibrahim et al., 2018). Furthermore, the underpinning issue faced by the family-owned businesses is succession planning (Bocken et al., 2014), along with that SMEs need to be more flexible in-process and improvisation (Broekaert et al., 2016). The findings of previous studies indicate that only 30 percent of family-owned businesses survive in first-generation, 13 percent of businesses survived in second-generation and 3 percent to 5 percent survive in third-generation (Fayyaz, 2016).

The current study observed the opportunity to investigate the influence of succession planning (cognitive, structural, and relational ties) on business sustainability. The findings of the current study will facilitate family-owned SMEs in Pakistan in understanding the role and significance of succession planning (cognitive, structural, and relational ties), strategic flexibility, and organizational improvisation towards the business sustainability. Furthermore, the triple bottom line theory explained that strategic flexibility in terms of processes, production, and participation at the workplace produces superior results as compared to the traditional system.

## 2. Literature Review and Hypothesis Development

### 2.1 Succession Planning and Business Sustainability

The literature on the family-owned business emphasis the significance of succession planning to ensure the sustainability, continuity, and growth of family-owned businesses (Chrisman et al., 2003; Motwani et al., 2006; Ghee et al., 2015). According to Ghee et al. (2015), survival, continuity, and growth of family-owned businesses based on the various factors; resources, capabilities, and management skills, however, succession planning is a vital component and solid grounds and smooth transition of successors. Literature is evident that a years of disappointments from innovative strategies performance of family-owned businesses achieved after intra-family succession when firms or new management focus on financial goals as compared to non-financial goals (Mokhber et al., 2017). Unfortunately, most of the family-owned businesses failed to design the process of effective succession planning and unable to prepare solid foundations or grounds for the successors (Voithofer & Mandl, 2004). Several studies have been documented on the significance of succession planning and its relationship with firm performance (Wahjono et al., 2014; Seniwoliba, 2015). However, this relationship needs further research as the findings are mixed and there are no concluding arguments (Schepker et all, 2018). The current study uses the social capital theory to explain the succession planning because Asian culture is quite different from the western culture in terms of family culture and

boundings (Muniady et al., 2015; Snowdon, 2018). Based on the above discussion current study hypothesized that;

➢ **H₁:** Succession planning significantly linked with business sustainability

### 2.1.1 Structural Ties

Family ties are the important aspect of the structural dimension of social capital, which is in the access to the family businesses certain to certain known system links ties (Israel et al., 2009). It has been seen that the strength of family ties has a direct influence on the succession process and the extent of interaction among the members of the family due to which structural dimension has become one of the most important factors of impacting the decisions of successors (Alesina & Giuliano, 2011). Based on the above discussion current study hypothesized that;

➢ **H₂:** Structural ties significantly linked with business sustainability

### 2.1.2 Cognitive Ties

The most important aspect of the family business is to identify the people with the same menacing of business and vision because it is a key factor in acting as stewards (Discua Cruz et al., 2013). It has been seen that greater level of time is considered by the founder in grooming the selected successor, and a certain level of effort will be required for making these able to understand the nature of the business and formal value system should be considered means also how to see things as described in the previous "Previous Value" (Conger et al., 2010). Based on the above discussion current study hypothesized that;

➢ **H₃:** Cognitive significantly linked with business sustainability

### 2.1.3 Relational Ties

In this perspective, the decisions are taken based on the trust of family members and the extent to which the same standards and norms of conduct are shared by them, and this brought a shift to collective action rather be self-seeking nature (Adler and Kwon, 2002). In a family business, the most important norm is the obligation, and for creating an obligation to a respected person, a family member is selected by the incumbent who validates a strong sense of obligation to a successor. The fourth aspect of the relational dimension is constituted by the identification with the family business based on the section of criteria in the selection of a successor (Müller, 2015). Based on the above discussion current study hypothesized that;

➢ **H₄:** Relational ties significantly linked with business sustainability

### 2.2 Strategic Flexibility and Business Sustainability

Strategic flexibility has been studied extensively in literature as empirical as well as qualitative to explore the relationship of flexibilities with the performance of firms while managing volatilities (Harrigan, 1986). The underpinning concept of strategic flexibility is "degrees of freedom to do things differently available to managers" categorized into the production process, distribution, competitive boundaries and markets in the state of flux (Evans, 1991). Moreover (Sanchez, 1993) explains that firms can achieve a competitive advantage in this dynamic environment by an alternative source of strategic options, and available options with resources. Strategic flexibility is an important approach for emerging economies in which low levels of resource munificence externally

(Liu et al., 2009). An extensive review of the literature indicates that strategic flexibility is an important approach for firms to achieve a competitive position particularly family-owned businesses need to consider strategic flexibility to ensure the survival, continuity, and growth (Broekaert et al., 2016).

The current study considers three dimensions of strategic flexibility based on the literature review. Lafou et al. (2016) define product flexibility as "is the ability of a manufacturing system to make a variety of part types with the same equipment". However, flexibility is more associated with internal processes, but few studies documented that a firm's responsiveness ability to respond to changing customer needs and market conditions is known as market flexibility (Lummus et al., 2003). Firms' ability to come to new products in a shorter period before the competitors can capture their market share known as competitive flexibility (MacKinnon et al., 2008). Based on the above discussion current study hypothesized that;

> **H$_5$:** Strategic flexibility significantly linked with business sustainability

*2.3 Organizational Improvisation*

Contingency theory claims that there is "no one best way" to doing the things to manage the organizational resources. Other contingency or situational and environmental factors may influence the relationship between organizational resources, capabilities and organizational performance (Pennings, 1975). Moderator can be a quantitative or qualitative variable that influences the strength and direction of the relationship between predictor or independent variable and criterion or dependent variable (Baron & Kenny, 1986). Furthermore, the moderating effect of the third variable, ensure the maximal effectiveness of the dependent variable by partitioning independent variables in subgroups. Inferences drawn from the direct relationship can be misleading moreover, incorporation of moderating variables reduces the potential misleading inferences and provides more precise and specific understanding (Rauch et al., 2009). Based on the above discussion current study hypothesized that;

> **H$_6$:** Organizational improvisation significantly linked with the business sustainability

This study considers organizational improvisation as a moderating variable in the relationship between succession planning, strategic flexibility, and business sustainability. The relationship between succession planning and business sustainability has been well established in the literature of family-owned businesses (Bizri, 2016).

Literature is evident that a year of disappointments from innovative strategies performance of family-owned businesses achieved after intra-family succession when firms or new management focus on financial goals as compared to non-financial goals (Chaturvedi, 2012). Unintentional and intentional behaviors of younger and older generations have an impact on intra-family improvisation. It has also been evident that intra-family sharing of skills, knowledge, and learnings facilitate the firms towards innovation and ensure business sustainability (De Marchi, 2012). Moreover, theorists acknowledged that skillful improvisation typically considers both declarative (know past, present, and future), procedural (knowhow of business), and previous generations' knowledge and skills (Hodgkinson et al., 2016).

Most of the literature on improvisation theme has been documented in developed (western economies), however, literature is yet unclear whether improvisation can be extended to developing, emerging economies particularly in the Eastern economies due to cultural differences between Western and Eastern economies (Hadida et al., 2015).

Initial indication which has been estimated in literature is improvisation has an impact on the sustainability of businesses under economic turbulence or political instability. However, empirical findings required to conclude the impact of improvisation theory in low cumulativeness and incongruence fields (Hadida et al., 2015). Moreover, it is also estimated that high organizational flexibility, competitive turbulence facilitate speed of response through improvisation (Hodgkinson et al., 2016). The direction of improvisation may have a negative and positive impact on organizational characteristics or sustainability moreover, improvisation is considered as a strategic lens for studying strategy process or emergence (Hadida et al., 2015).

There is a need to investigate how emerging markets or economic, patriarchal structures, family-ownership, power distance, and level of collectivism drive improvisation (Ibrahim et al., 2018). Several questions still vague or not yet answered in literature how might issues of compatibility, succession, and decision making with the emergence of improvisation? (Cragun, 2017). How managers will reconcile planning and improvisation in the domain of developing or emerging economies? (Kimmel et al., 2018). Based on the above discussion current study hypothesized that;

- **H$_7$:** Organizational improvisation moderate the relationship between succession planning and business sustainability
- **H$_8$:** Organizational improvisation moderate the relationship between strategic flexibility and business sustainability

## 3 .Methodology

To test the descriptive-correlational nature relationship current study survey-based method for the collection of data (Case & Lingerfelt, 1974; Hernndez Sampieri, Fernndez Collado, & Baptista Lucio, 2006). The current study uses PLS-SEM instead of CB-SEM because the underpinning objective of the current study is not to validate the theory so, explained variance is important to understand the explained variance of latent constructs (Hair et al., 2017). The current study considers the surgical instrument industry as the unit of analysis. The surgical instrument industry of Pakistan contributes significantly to total exports of Pakistan however, since the last decade it has been observed the decline towards total exports of Pakistan.

A total of 4,788 SMEs were operating in the surgical instrument industry in the territory of Sialkot as per the Sialkot chamber of commerce 2018-19. The minimum sample requirement was assessed using G*Power calculator based on the linear multiple regression and effect size $f^2$ 0.15 (Cohen, 1988). The minimum sample size required based on the total population is 125 SMEs. Moreover, as per the criteria given by (Krejcie & Morgan, 1970) based on the population suitable sample size based on the total population of surgical instrument industry is 351 while considering the response rate in Pakistan on survey-based studies were documented in the literature is 52% (Mellahi & Harris, 2016). A total of 700 questionnaires were distributed by considering the response rate in survey-based studies in Pakistan.

The survey questionnaire was translated, and face validity was tested by the expert to make it suitable for data collection in the Pakistani context. The final version of the survey questionnaire consisted of 28 items to measure the constructs and include demographic questions. The self-administration survey-based method was adopted in the current study and total responses received were 370 out of which 359 were considered for analysis based on completeness in all the aspects. The response rate of the current study was 53% approximately.
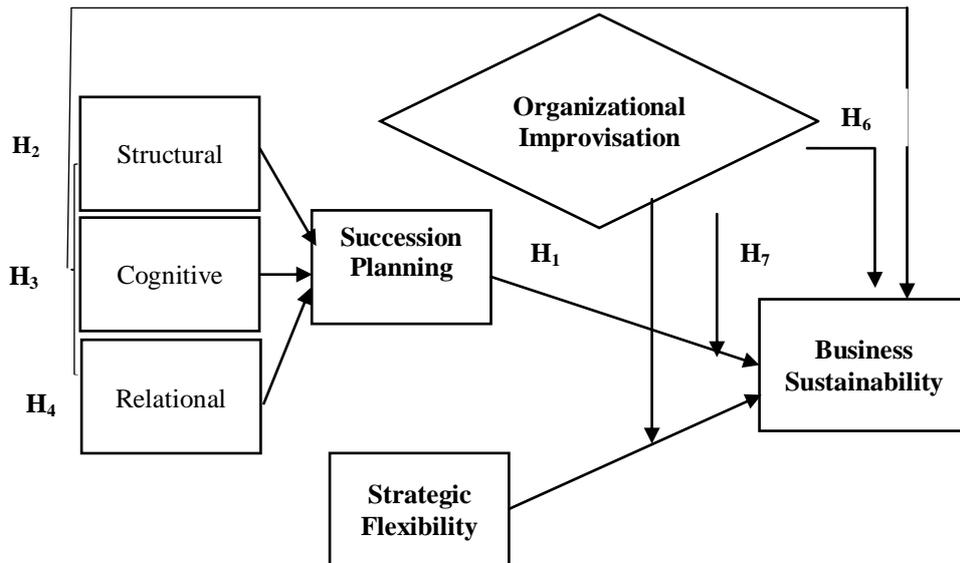
**Figure 1: Theoretical Model**

## 4. Results and Discussion

To evaluate the measurement model there is a need to perform three statistical tools factor analysis, face, convergent validity and reliability, and discriminant validity (Henseler et al., 2009). The current study considered the minimum threshold for each item being considered for the measurement of the relevant construct was 0.50 (Tzeng et al., 2007). Testing of the structural model before testing validity and reliability can cause unclear theoretical explanations (Hair et al., 2006). The higher-order presence can be assessed using the most appropriate method known as CFA (Law et al., 1998). Before moving to the factor analysis descriptive statistics and correlations facilitate in understanding the nature of the dataset.

Table 1 shows the values of standard deviations, means and correlation coefficients regarding all hypotheses. This model shows the values of constructs regarding significant correlation in terms of positive and negative. For instance, this study shows the results of constructs that cognitive, relational, structural, succession planning, strategic flexibility, organizational improvisation, and business sustainability. Moreover, this study uses PLS-SEM 3.28 to analyze the data set. Through, suggested model this study enables us to eliminate the comparative impact of each variable as well as with the help of structural equation modeling researchers can explain the relationship between large numbers of variables at the same time.

**Table 1: Descriptive Statistics and Correlation**

| | Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|---|---|
| **Cognitive** | 2.90 | 0.43 | 1.00 | | | | | | |
| **Relational** | 2.70 | 0.45 | 0.68 | 1.00 | | | | | |
| **Structural** | 3.20 | 0.87 | 0.63 | 0.45 | 1.00 | | | | |
| **Succession Planning** | 2.50 | 0.37 | 0.56 | 0.42 | 0.61 | 1.00 | | | |
| **Strategic Flexibility** | 3.10 | 0.57 | 0.36 | 0.21 | 0.20 | 0.31 | 1.00 | | |
| **Organizational Improvisation** | 1.90 | 0.74 | 0.11 | 0.11 | 0.13 | 0.13 | 0.12 | 1.00 | |
| **Business Sustainability** | 3.50 | 0.81 | 0.40 | 0.25 | 0.23 | 0.35 | 0.77 | 0.15 | 1.00 |

*\* p<.05, \*\* p<.01*

### 4.1. Measurement Model

4.1.1. Factor Analysis

The value of CFA in terms of a high order is explained in Table 3. The items in this study are described to load only against their construct, and others are explained particularly as uncorrelated (Hair et al., 2017). Most authors or researchers are in the favor of indicators that are fit of the model or there is a little debate on these indicators that how these indicators can be suitable for the model (Hinkin, 1995). To evaluate the model that gives adequate distinctive information regarding the values of this study shows the chi-square value of CFI and TLI both individually as well as the error of calculation regarding root mean square (RMSEA) (Hair et al., 2017). However, the researchers follow the value which is up to .08 (Bagozzi & Yi, 1988). In general, the value of CFI and TLI should greater than 0.9 thresholds (Hu & Bentler, 1998). To conclude the value of chi-square we will match our values with the degree of freedom and according to statistics the value of chi-square to the degree of freedom should not greater than 5 to 1.

**Table 2: Factor Loadings**

|  | Cognitive | Relational | Structural | Strategic Flexibility | Organizational Improvisation | Business Sustainability |
|---|---|---|---|---|---|---|
| spc1 | 0.544 |  |  |  |  |  |
| spc2 | 0.607 |  |  |  |  |  |
| spc3 | 0.572 |  |  |  |  |  |
| spc6 | 0.607 |  |  |  |  |  |
| spc6 | 0.535 |  |  |  |  |  |
| spc7 | 0.740 |  |  |  |  |  |
| spc8 | 0.700 |  |  |  |  |  |
| spc9 | 0.726 |  |  |  |  |  |
| spc10 | 0.618 |  |  |  |  |  |
| spr1 |  | 0.770 |  |  |  |  |
| spr2 |  | 0.749 |  |  |  |  |
| spr3 |  | 0.750 |  |  |  |  |
| sps1 |  |  | 0.576 |  |  |  |
| sps3 |  |  | 0.549 |  |  |  |
| sps4 |  |  | 0.576 |  |  |  |
| sps5 |  |  | 0.549 |  |  |  |
| sps7 |  |  | 0.601 |  |  |  |
| sps8 |  |  | 0.680 |  |  |  |
| sps9 |  |  | 0.736 |  |  |  |
| sf1 |  |  |  | 0.695 |  |  |
| sf2 |  |  |  | 0.710 |  |  |
| sf3 |  |  |  | 0.780 |  |  |
| sf5 |  |  |  | 0.696 |  |  |
| sf6 |  |  |  | 0.679 |  |  |
| sf7 |  |  |  | 0.707 |  |  |
| sf8 |  |  |  | 0.728 |  |  |
| oi1 |  |  |  |  | 0.820 |  |
| oi2 |  |  |  |  | 0.548 |  |
| oi3 |  |  |  |  | 0.624 |  |
| oi4 |  |  |  |  | 0.786 |  |
| oi6 |  |  |  |  | 0.600 |  |
| oi7 |  |  |  |  | 0.757 |  |
| sus1 |  |  |  |  |  | 0.665 |
| sus2 |  |  |  |  |  | 0.679 |
| sus3 |  |  |  |  |  | 0.706 |
| sus5 |  |  |  |  |  | 0.698 |
| sus6 |  |  |  |  |  | 0.767 |
| sus7 |  |  |  |  |  | 0.539 |
| sus9 |  |  |  |  |  | 0.670 |
| sus10 |  |  |  |  |  | 0.670 |
| sus12 |  |  |  |  |  | 0.665 |
| sus13 |  |  |  |  |  | 0.689 |
| sus17 |  |  |  |  |  | 0.665 |

| | | | | | | |
|---|---|---|---|---|---|---|
| sus18 | | | | | | 0.679 |
| sus19 | | | | | | 0.665 |
| sus22 | | | | | | 0.689 |
| sus23 | | | | | | 0.665 |
| sus25 | | | | | | 0.679 |
| sus26 | | | | | | 0.665 |
| sus27 | | | | | | 0.679 |
| sus28 | | | | | | 0.706 |
| sus29 | | | | | | 0.698 |
| sus30 | | | | | | 0.767 |
| sus31 | | | | | | 0.539 |
| sus32 | | | | | | 0.670 |
| sus33 | | | | | | 0.670 |
| sus34 | | | | | | 0.665 |
| sus35 | | | | | | 0.689 |

4.1.2. Discriminant Validity

The literature indicates that there were statistical issues in assessing the discriminant validity using the Fornell-Larcker however, the most appropriate method for the assessment of discriminant validity is Heterotrait-Monotrait (HTMT) (Henseler et al., 2015). Moreover, there are two criteria has been documented in literature as (Kline, 2011) indicates that the threshold value of HTMT must not be more than 0.85 while, (Gold et al., 2001) this threshold value can be 0.90 maximum the results of HTMT were reported in Table 4.

**Table 3: Discriminant Validity (HTMT Ratio)**

|  | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| **Cognitive** | - |  |  |  |  |  |  |
| **Relational** | 0.753 |  |  |  |  |  |  |
| **Structural** | 0.900 | 0.711 |  |  |  |  |  |
| **Succession Planning** | 0.174 | 0.177 | 0.692 |  |  |  |  |
| **Strategic Flexibility** | 0.456 | 0.308 | 0.444 | 0.395 |  |  |  |
| **Organizational Improvisation** | 0.166 | 0.145 | 0.265 | 0.177 | 0.127 |  |  |
| **Business Sustainability** | 0.496 | 0.354 | 0.458 | 0.430 | 0.137 | 0.140 | - |

*4.2 Structural Model Assessment*

The results of structural, cognitive, relational, and succession planning positively and significantly linked with sustainable business ($\beta$ =0.448, t=3.132, p<0.01; $\beta$ =0.239, t=6.530, p<0.01; $\beta$ =0.287, t=7.320, p<0.01; $\beta$ =0.349, t=2.99, p<0.01) this given support to $H_1$ to $H_4$. Furthermore, results showed that $H_5$ was supported based on results positive and significant association between strategic flexibility and sustainable business ($\beta$ =0.232, t=9.85, p<0.01). Moreover, predictive values showed that $H_6$ was supported and indicate a positive but significant association between organizational improvisation and sustainable business ($\beta$ =0.002, t=8.469, p>0.01) similarly, organizational improvisation significantly moderate the relationship between succession planning and strategic flexibility, however, the direction of the relationship in case of strategic flexibility is negative ($\beta$ =0.166, t=7.170, p>0.01; $\beta$ = -0.277, t= -5.68, p>0.01) hence, the findings support $H_7$ and $H_8$. The results of hypothesis testing were reported in Table 5.
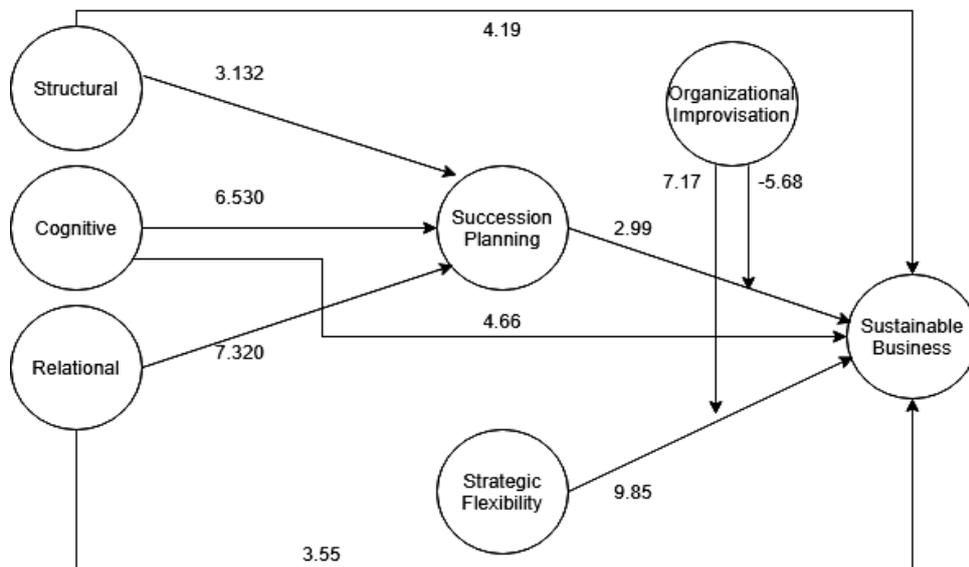


**Figure 2: Structural Model Assessment**

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**Table 4: Testing of Hypothesis**

|  |  | **Mean** | **S. D** | **T Statistics** | **P Values** |
|---|---|---|---|---|---|
|  | Cognitive -> Succession Planning | 0.26 | 0.04 | 6.53 | 0.00 |
|  | Structural -> Succession Planning | 0.14 | 0.05 | 3.13 | 0.00 |
|  | Relational -> Succession Planning | 0.32 | 0.04 | 7.32 | 0.00 |
| $H_1$ | Succession Planning -> SUS | 0.92 | 0.31 | 2.99 | 0.00 |
| $H_2$ | Cognitive -> SUS | 0.97 | 0.21 | 4.66 | 0.00 |
| $H_3$ | Structural -> SUS | 0.25 | 0.06 | 4.19 | 0.00 |
| $H_4$ | Relational -> SUS | 0.39 | 0.11 | 3.55 | 0.00 |
| $H_5$ | Strategic Flexibility -> SUS | 0.34 | 0.03 | 9.85 | 0.00 |
| $H_6$ | Organizational Improvisation -> SUS | 0.30 | 0.04 | 8.46 | 0.00 |
| $H_7$ | Moderating Effect 1 -> SUS | 0.22 | 0.03 | 7.17 | 0.00 |
| $H_8$ | Moderating Effect 2 -> SUS | -0.21 | 0.04 | -5.68 | 0.00 |

However, using another indicator by the individual set they measure the original quality as well as commonly explain the theory, unidimensional constructs (Anderson & Gerbing, 1988). The unidimensional is proving to justify the values in terms of a fit model as well as the significance of the coefficients. For measuring the reliability, the values should be greater than 0.6 are acceptable (Bagozzi & Yi, 1988), and the value of Cronbach's alpha of all constructs should be greater than 0.6 than its threshold value which range is between 0.6 to 0.9. The convergence validity is explained by the level of significance of factor loadings of indicators of our study. According to social sciences, the value of factors loading suggested around 0.4. Although our study explains the values of factor loading are greater than 0.5 (Hair et al., 2017) according to the research practice not according to theory. Furthermore, one item from our study is a utilitarian identity construct which is a significant impact but the factor loading is 0.4 already explained in this study (Yli-Renko et al., 2001). This study eliminated the value of variance is 0.5 which is suggested value for testing the analysis by using convergence validity (Fornell & Larcker, 1981). The analysis of this study measured their constructs according to specific standards such as the ranges of variance extracted is from 56% to 80%. The value of the square of correlation is explained by two constructs with the comparison between these two constructs in terms of percentages for analysis of the variance-extracted as well as tests for discriminant validity.

A few previous studies documented the relationship between succession planning and performance indicated mix results (Alesina & Giuliano, 2011; Chaturvedi, 2012). However, the current findings indicate a positive and significant relationship (Tighe & Haas, 2003; Pandey & Sharma, 2014; Wahjono et al., 2014). Furthermore, the moderating role of organizational improvisation further strengthens the relationship between this relationships. The literature of strategic flexibility indicates a positive and significant relationship with business sustainability (Gold et al., 2001; Kandemir & Acur, 2012). The findings of the current support of the literature. However, the moderating role of organizational improvisation shows a negative and significant relationship. These findings are quite contradictory to theory and literature as both organizational improvisation and strategic flexibility complement each other (Moorman & Anne, 1998; Grewal & Tansuhaj, 2001; Hong-bing, 2013). These can be due to a lack of awareness and trust in the technology and automation process as most of the owners/managers are not technically advance studies (Nadkarni & Herrmann, 2010).

## 5. Conclusions and Future Research

This paper is explained theoretically with the help of dimensions of succession planning (cognitive, structural, and relational ties) this theme is adopted from social cognitive theory and tested this concept under the triple bottom line theory on the family-owned businesses as family-owned businesses are a major chunk of businesses around the world and lower succession planning rate effect the business sustainability (Mair & Marti, 2016). Furthermore, the role of strategic flexibility and organizational improvisation towards business sustainability, this paper has discussed about the impact of dimensions of succession planning on the business sustainability owned and operated by the families. The authors described the justifications about the dimensions of succession planning as these play a critical role in the business sustainability owned and operated by the family. We theoretically use the reflective model for identifying the purpose of latent multidimensional constructs of succession planning towards sustainable businesses. The range of this study showed that succession planning (cognitive, structural, and relational) and strategic flexibility towards business sustainability.

The future directions of this current study should explain the relationship between the market orientations, technology and innovation exposure of family-owned businesses on business sustainability. Moreover, the future research of this study should also explain about the generalizability of constructs of this study with more precisely in terms of demographically through various samples and various organizational settings. This study is explained about the external validity related to their population of whole social enterprise is guaranteed. This study describes the sample of this study includes the family-owned businesses from the surgical instrument industry only the future studies need to consider the other sectors as well to validate the results of the current study. However, at the time thinking about the sustainability of business family-owned businesses need to consider succession planning and strategic flexibility.

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