Socioemotional Wealth, Transgenerational Succession and Sustainability of SMEs in Chhattisgarh: A Structural Equation Modeling Approach

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Abstract
The present study examines the relationship between socioemotional wealth, transgenerational succession, and sustainability of family-owned small and medium enterprises (SMEs) in Chhattisgarh using Structural Equation Modeling (SEM). Family businesses in emerging economies are increasingly influenced by non-financial objectives such as family identity, emotional attachment, legacy preservation, and intergenerational continuity. Drawing upon Socioemotional Wealth Theory, Stewardship Theory, and the Resource-Based View, the study investigates how family-centered emotional values contribute to long-term business sustainability through succession mechanisms. A quantitative research design was adopted, and primary data were collected from 286 owners, successors, and senior managerial members of family-owned SMEs across manufacturing, trading, and service sectors in Chhattisgarh. The data were analyzed using SmartPLS software. The findings reveal that socioemotional wealth significantly influences transgenerational succession and sustainability of SMEs. The study also confirms that effective succession planning positively contributes to organizational continuity and long-term sustainability. The structural model demonstrated strong explanatory power, indicating that emotional ownership and succession readiness function as strategic resources for sustaining family enterprises. The study contributes to family business literature by integrating emotional and succession-related dimensions within the broader sustainability discourse of SMEs in emerging regional economies.

Keywords: Socioemotional Wealth, Transgenerational Succession, SME Sustainability, Family Business, Structural Equation Modeling

Introduction

Small and Medium Enterprises (SMEs) play a vital role in economic development, employment generation, regional industrialization, and entrepreneurial growth across emerging economies. In India, SMEs contribute significantly to gross domestic product, exports, and livelihood creation, particularly within semi-urban and regional markets. A substantial proportion of these enterprises are family-owned and family-managed businesses, where ownership, governance, and managerial decision-making remain deeply embedded within family structures (Ramachandran & Suresh, 2021). Such firms are often driven not only by financial objectives but also by emotional attachment, family continuity, identity preservation, and intergenerational legacy concerns. These non-economic priorities increasingly attract scholarly attention under the concept of socioemotional wealth (Salem & Hashem, 2023). Socioemotional wealth refers to the affective and non-financial value that family members derive from ownership and control of the business (Holt & Bullock, 2024). The construct emphasizes dimensions such as family identity, emotional attachment, social reputation, family influence, and continuity intentions (Calabrò et al., 2025). Family firms frequently prioritize preservation of these emotional and relational assets even when economic rationality may suggest alternative strategic choices(Salem & Hashem, 2023) . Existing literature suggests that socioemotional wealth shapes governance behavior, strategic orientation, risk preferences, and succession decisions in family businesses. Yet, the implications of socioemotional wealth for long-term sustainability of SMEs remain insufficiently explored, particularly within developing regional economies. Sustainability has emerged as a major concern for SMEs operating in highly competitive and uncertain business environments. Sustainable SMEs are characterized not only by financial continuity but also by organizational resilience, adaptability, stakeholder trust, and long-term survival capability (Adnan & Abu Seman, 2023). Family businesses often possess unique advantages that support sustainability, including strong social capital, long-term orientation, loyal stakeholder relationships, and intergenerational commitment (Akume & Iguisi, 2020). At the same time, family firms also face critical challenges associated with succession transitions, governance conflicts, and strategic

rigidity (N. Bang et al., 2022). Among these issues, transgenerational succession remains one of the most significant determinants of continuity and survival. Transgenerational succession refers to the process through which leadership, ownership, managerial knowledge, and organizational values are transferred from one generation to another (Neusser, 2025). Effective succession planning enables continuity of business operations, preservation of tacit knowledge, and maintenance of stakeholder confidence. Poorly managed succession, on the contrary, frequently leads to organizational instability, strategic disruption, and eventual business decline (Curry, 2025). Prior studies indicate that only a limited proportion of family firms successfully survive across multiple generations, making succession readiness an essential component of sustainability strategy. Despite its importance, succession processes in many Indian SMEs continue to remain informal, emotionally driven, and weakly institutionalized. The relationship between socioemotional wealth and succession becomes particularly relevant in family-owned SMEs. Families strongly committed to preserving emotional ownership and legacy continuity may invest more actively in successor development and long-term organizational stewardship (N. P. Bang et al., 2023). Such succession-oriented behavior may subsequently strengthen business sustainability by ensuring continuity of leadership, values, and strategic direction. While earlier studies have examined socioemotional wealth, succession, and sustainability independently, limited empirical research has integrated these constructs within a unified structural framework, especially in the Indian SME context. The present study addresses this gap by examining the relationship between socioemotional wealth, transgenerational succession, and sustainability of SMEs in Chhattisgarh using Structural Equation Modeling (SEM). Chhattisgarh represents a significant emerging regional economy characterized by a growing SME ecosystem, strong family business participation, and increasing entrepreneurial activity. Many SMEs in the region are family-operated enterprises where business continuity is closely connected with family identity and socio-cultural values. Investigating these relationships within such a context offers important insights into how emotional and intergenerational factors contribute to long-term business sustainability. The study contributes to family business literature in multiple ways. First, it extends Socioemotional Wealth Theory by examining its influence on sustainability outcomes through succession mechanisms. Second, it empirically positions transgenerational succession as a strategic pathway linking family-centered values with organizational continuity. Third, it enriches SME sustainability literature by incorporating non-financial and relational dimensions into sustainability discussions. From a practical perspective, the findings may assist family business owners, policymakers, and SME development institutions in designing succession-oriented sustainability strategies for long-term enterprise continuity. Based on these objectives, the study seeks to answer the following research questions: Does socioemotional wealth significantly influence transgenerational succession in SMEs? Does transgenerational succession contribute to sustainability of SMEs? Does socioemotional wealth directly influence sustainability of SMEs? To address these questions, the study develops and tests a structural model linking socioemotional wealth, transgenerational succession, and sustainability among SMEs in Chhattisgarh.

Literature Review

Theoretical Foundation

The present study is primarily grounded in Socioemotional Wealth (SEW) Theory, Stewardship Theory, and the Resource-Based View (RBV). These theoretical perspectives collectively explain how family-centered emotional values, intergenerational continuity, and intangible organizational resources contribute to the sustainability of family-owned SMEs (Reina-Gutiérrez & Pla-Barber, 2026). Socioemotional Wealth Theory argues that family firms are motivated not only by economic objectives but also by the preservation of non-financial benefits associated with family ownership and control. These benefits include family identity, emotional attachment, social reputation, dynastic succession intentions, and preservation of family influence (Salem & Hashem, 2023). Family business owners often prioritize continuity of family legacy even in situations where short-term financial gains may be compromised. The theory explains why family firms frequently exhibit long-term orientation, relational governance, and commitment toward organizational continuity (Chen et al., 2022). SEW therefore becomes a critical driver of strategic behavior and succession-related decisions in family-owned enterprises. Stewardship Theory further supports the idea that family members and successors act as stewards of organizational continuity rather than purely self-interested agents. The theory assumes that individuals managing family businesses are intrinsically motivated to protect the collective interests of the family and organization (Davis, 2024). Successors are often socialized into the business culture from an early stage, which strengthens emotional commitment and stewardship orientation. Such stewardship behavior may positively influence long-term sustainability by preserving organizational knowledge, stakeholder relationships, and strategic consistency across generations (Ali et al., 2025). The Resource-Based View also provides a relevant

foundation for the study. RBV suggests that sustainable competitive advantage emerges from valuable, rare, inimitable, and non-substitutable resources. In family businesses, socioemotional attachment, trust-based relationships, tacit knowledge, and intergenerational continuity function as strategic intangible resources (Idris et al., 2025). These unique capabilities may strengthen resilience and sustainability among SMEs operating within uncertain and competitive environments. Together, these theories explain how socioemotional wealth can shape succession orientation and eventually influence sustainability outcomes in family-owned SMEs.

Socioemotional Wealth in Family Businesses

Socioemotional wealth has emerged as one of the most influential concepts in family business research. The construct emphasizes the emotional and relational value families derive from owning and controlling business enterprises. Scholars have identified multiple dimensions of SEW, including family control and influence, family identity, binding social ties, emotional attachment, and renewal of family bonds through dynastic succession (Ballal & Bapat, 2020). Existing studies suggest that family firms often make strategic decisions aimed at protecting socioemotional wealth. Such firms may prioritize long-term continuity, employee welfare, community reputation, and family harmony over short-term profitability. Emotional attachment to the business frequently encourages stronger organizational commitment and resilience during periods of uncertainty (Salem & Hashem, 2023). Research also indicates that socioemotional wealth positively influences stakeholder trust, organizational culture, and long-term orientation in family enterprises (Salem & Hashem, 2023). At the same time, excessive focus on socioemotional preservation may occasionally create strategic rigidity and resistance to external managerial interventions (Chen et al., 2022). Family firms may become reluctant to adopt professional governance practices if such changes threaten family control or identity. Despite these concerns, prior literature generally supports the argument that socioemotional wealth strengthens continuity intentions and encourages intergenerational business preservation. In emerging economies such as India, socioemotional wealth may hold even greater significance because family identity and business reputation are often deeply interconnected within local socio-cultural systems. Family-owned SMEs in regional economies frequently operate through trust-based social networks where emotional ownership and legacy preservation become central organizational priorities.

Transgenerational Succession in SMEs

Transgenerational succession refers to the transfer of leadership, ownership, managerial authority, and organizational knowledge from one generation to another (Dawson, 2024). Succession represents one of the most critical phases in the life cycle of family businesses because unsuccessful transitions frequently lead to organizational instability or business failure (Dolar & Biloslavo, 2023). Earlier research highlights that effective succession planning involves successor grooming, leadership development, knowledge transfer, strategic preparation, and intergenerational communication. Family businesses that systematically prepare successors are more likely to maintain operational continuity and strategic consistency (Brodaczewski, 2024). Informal succession processes, by contrast, often create conflicts, uncertainty, and governance-related disruptions. Several studies indicate that emotional attachment and family continuity intentions strongly influence succession planning behavior. Families with stronger socioemotional orientation are generally more committed to preserving business ownership across generations (Saeed et al., 2024). This continuity mindset motivates investment in successor capability development and organizational stewardship. The Indian SME sector presents a unique context for succession research because many family businesses continue to rely on informal governance structures and relationship-based management systems. In many regional enterprises, succession decisions are influenced by family expectations, cultural norms, and emotional considerations rather than purely managerial criteria (Renuka & Marath, 2021). Such conditions make transgenerational succession an important determinant of long-term sustainability. Research also suggests that successful succession enhances organizational adaptability and resilience. Successors who inherit tacit knowledge, stakeholder relationships, and entrepreneurial orientation may contribute significantly to sustaining business continuity across generations.

Sustainability of SMEs

Sustainability has become an important area of discussion within SME and entrepreneurship research. Sustainable SMEs are generally characterized by long-term survival capability, operational resilience, strategic adaptability, financial continuity, and responsible stakeholder engagement (Adnan & Abu Seman, 2023). Unlike short-term performance measures, sustainability emphasizes enduring organizational viability within dynamic economic environments. Family-owned SMEs often possess several characteristics that support sustainability (Freixanet et al., 2024). Long-term orientation, stable stakeholder relationships, emotional commitment, and continuity intentions encourage prudent strategic behavior and

responsible resource management (Riera et al., 2025). Family firms frequently adopt patient investment approaches that prioritize continuity over immediate financial returns. Previous studies have shown that family businesses may demonstrate stronger resilience during economic crises because of collective commitment and flexibility in resource utilization. Emotional attachment to the business also encourages persistence and continuity during challenging periods (Reina-Gutiérrez & Pla-Barber, 2026). Such firms often maintain strong community relationships and social reputation, which may strengthen customer loyalty and stakeholder trust.Despite these advantages, sustainability challenges remain significant for SMEs. Many family businesses struggle with succession uncertainty, limited professionalization, governance conflicts, and resource constraints. Failure to manage intergenerational transitions effectively may threaten long-term continuity. Sustainability therefore depends not only on financial capabilities but also on the ability to preserve organizational knowledge, leadership continuity, and family cohesion across generations. The growing sustainability discourse increasingly recognizes that emotional and relational dimensions are important drivers of long-term SME survival. Yet empirical studies examining sustainability through the combined lens of socioemotional wealth and succession remain relatively limited, particularly within emerging regional economies.

Relationship Between Socioemotional Wealth and Transgenerational Succession

Prior literature suggests a strong association between socioemotional wealth and succession orientation in family firms. Families seeking to preserve legacy, identity, and emotional ownership are more likely to prioritize succession continuity (Li, 2025). Dynastic succession often becomes a mechanism through which socioemotional wealth is protected and transmitted across generations. Studies indicate that family-centered emotional attachment encourages early successor involvement, tacit knowledge transfer, and long-term stewardship orientation (Lai et al., 2022). Firms characterized by high socioemotional wealth frequently invest in successor development to ensure continuity of family values and organizational culture (Ferrari, 2020a). Succession therefore functions not only as a managerial transition but also as an emotional and symbolic process. Empirical evidence also shows that socioemotional considerations influence successor selection decisions, governance structures, and leadership transition strategies. Emotional continuity intentions may motivate family firms to preserve ownership within the family even when external managerial alternatives exist (Ferrari, 2020b). Based on these arguments, it is hypothesized that:

H1. Socioemotional positively influence transgenerational succession in family-owned SMEs.

Relationship Between Transgenerational Succession and Sustainability of SMEs

Transgenerational succession is widely recognized as a crucial determinant of family business sustainability. Successful succession ensures continuity of leadership, organizational knowledge, stakeholder confidence, and strategic direct(Isichei, 2025; Kurniawan, 2024)ion . Effective intergenerational transfer mechanisms enable firms to preserve valuable intangible assets while adapting to changing market conditions (Nave et al., 2022). Research indicates that businesses with structured succession planning exhibit greater organizational resilience and continuity. Successor preparedness strengthens decision-making capability and reduces transition-related uncertainty (M & Jr, 2024). Intergenerational knowledge transfer also preserves entrepreneurial orientation and tacit organizational competencies that support sustainability. Family firms that fail to manage succession effectively often experience internal conflict, operational instability, and strategic decline (Lee et al., 2020). Sustainability therefore depends substantially on the ability of family businesses to institutionalize succession processes and maintain continuity across generations. Accordingly it is hypothesized that:

H2: Transgenerational succession significantly influences sustainability of SMEs.

Relationship Between Socioemotional Wealth and Sustainability of SMEs

Several studies suggest that socioemotional wealth positively contributes to organizational sustainability by encouraging long-term orientation, stakeholder commitment, and continuity-focused decision-making (Reina et al., 2022). Family firms motivated by preservation of reputation and legacy frequently invest in durable stakeholder relationships and sustainable business practices(Nidaazzi & Zaher, 2024) . Socioemotional attachment may also strengthen employee loyalty, customer trust, and collective organizational commitment (Riera et al., 2025). Family-centered governance systems often encourage patient strategic investments and continuity-oriented leadership behavior that support long-term survival (Hassanie et al., 2024). At the same time, scholars acknowledge that excessive emotional attachment may occasionally reduce strategic flexibility (Randerson & Radu-Lefebvre, 2021). Despite this concern, the dominant stream of literature supports the argument that socioemotional wealth functions

as an intangible strategic resource capable of enhancing sustainability outcomes. Accordingly, socioemotional wealth is expected to positively influence sustainability of SMEs.

H3: Socioemotional wealth significantly influences sustainability of SMEs.

Based on the theoretical foundations and empirical literature, the present study proposes a conceptual model linking socioemotional wealth, transgenerational succession, and sustainability of SMEs. The model assumes that socioemotional wealth directly influences transgenerational succession and sustainability of SMEs, while transgenerational succession further contributes to sustainability outcomes.

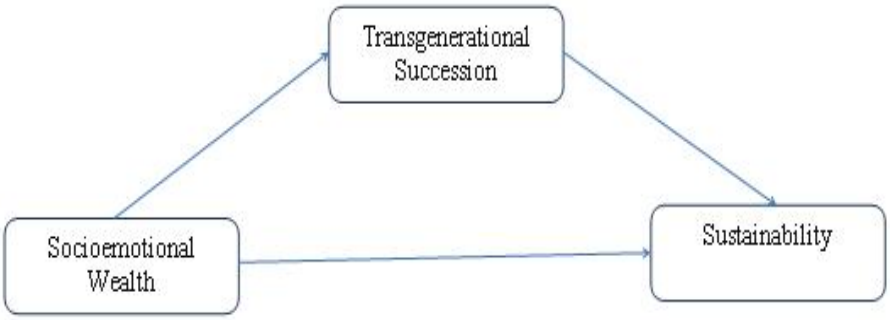

Figure 1 Conceptual Framework

The proposed framework positions transgenerational succession as a strategic mechanism through which family-centered emotional values contribute to long-term organizational continuity and sustainability among SMEs in Chhattisgarh.

Methodology

The present study adopted a quantitative research design to examine the relationship between socioemotional wealth, transgenerational succession, and sustainability of SMEs in Chhattisgarh. The study focused on family-owned small and medium enterprises operating across manufacturing, trading, and service sectors. A cross-sectional survey method was employed to collect primary data from SME owners, successors, and senior managerial members involved in family business operations. A structured questionnaire was developed using previously validated measurement scales from existing literature. The socioemotional wealth scale was adapted from the work of Berrone et al. (2012), while the transgenerational succession measures were adopted from Sharma et al. (2003). The sustainability-related items were adapted from Lumpkin et al. (2010). The questionnaire consisted of two sections. The first section captured demographic and organizational information, while the second section measured the latent constructs using a five-point Likert scale ranging from 1 ("strongly disagree") to 5 ("strongly agree"). Convenience and purposive sampling techniques were used to identify respondents from family-owned SMEs in different districts of Chhattisgarh. A total of 320 questionnaires were distributed, out of which 286 valid responses were retained for final analysis after data screening and elimination of incomplete responses. The collected data were analyzed using Structural Equation Modeling (SEM) through SmartPLS software. The analysis involved two stages: assessment of the measurement model and evaluation of the structural model. Reliability was assessed through Cronbach's alpha and composite reliability, while convergent validity was evaluated using Average Variance Extracted (AVE). Discriminant validity was examined using the Fornell-Larcker criterion and HTMT ratio. Path analysis and coefficient of determination (R^2) were used to test the proposed hypotheses. The use of SEM was considered appropriate because the study aimed to examine multiple interrelated dependence relationships among latent variables simultaneously.

Results

The structural equation modeling (SEM) technique was employed to examine the relationships among Socioemotional Wealth (SW), Transgenerational Succession (TS), and Sustainability of SMEs (SUS). The analysis involved assessment of the measurement model and structural model using SmartPLS. The reliability and convergent validity of the constructs were evaluated using Cronbach's alpha, Composite Reliability (CR), and Average

Variance Extracted (AVE). The results demonstrated strong reliability and satisfactory convergent validity for all constructs

Table 1 Construct Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	AVE
Sustainability of SMEs (SUS)	0.956	0.956	0.966	0.850
Socioemotional Wealth (SW)	0.972	0.972	0.977	0.878
Transgenerational Succession (TS)	0.950	0.951	0.960	0.801

The Cronbach's alpha values ranged from 0.950 to 0.972, exceeding the recommended threshold of 0.70, which confirmed strong internal consistency among the indicators. Composite reliability values also surpassed the acceptable limit of 0.70, indicating satisfactory construct reliability. The AVE values for SUS (0.850), SW (0.878), and TS (0.801) were greater than 0.50, establishing convergent validity. These findings indicated that the indicators adequately explained the variance of their respective constructs. The outer factor loadings of all indicators were also above the acceptable threshold of 0.70, demonstrating that the measurement items strongly represented their latent variables.

Discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT) and the Fornell-Larcker criterion. The HTMT values ranged between 0.785 and 0.868, which were below the threshold value of 0.90. This confirmed that the constructs were empirically distinct from one another. The Fornell-Larcker criterion further supported discriminant validity, as the square root of AVE for each construct was higher than its inter-construct correlations.

Table 2 Discriminant Validity Assessment

(a) HTMT Ratio

Constructs	SUS	SW	TS
SUS	—	—	—
SW	0.786	—	—
TS	0.868	0.785	—

(b) Fornell-Larcker Criterion

Constructs	SUS	SW	TS
SUS	0.922		
SW	0.758	0.937	
TS	0.828	0.755	0.895

The diagonal values in the Fornell-Larcker matrix represent the square root of AVE, which exceeded the correlations among constructs. This established adequate discriminant validity for the measurement model.

Structural Model Assessment

The structural model was analyzed to test the proposed hypotheses among the constructs. The path coefficients indicated significant positive relationships among the variables.

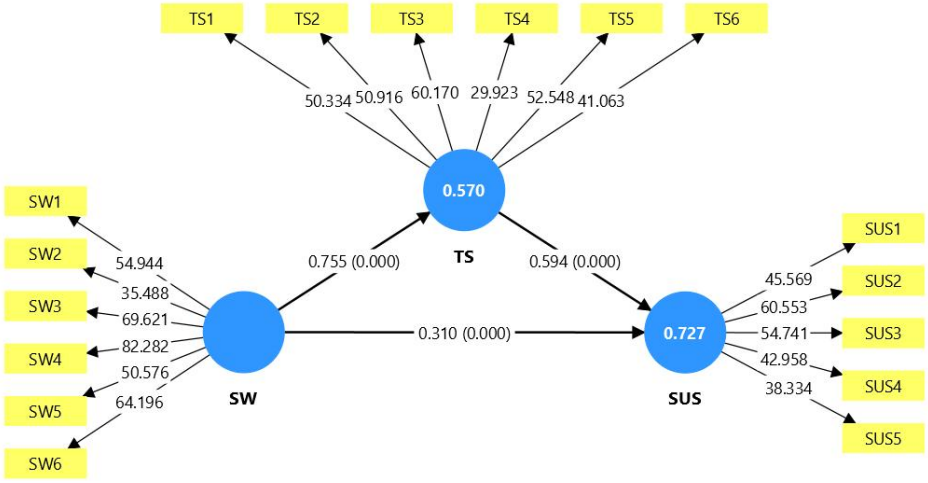

Figure 2. Structural Model

Socioemotional Wealth (SW) significantly influenced Transgenerational Succession (TS) with a path coefficient of β = 0.755 and p = 0.000. This finding suggested that stronger socioemotional attachment and family-centered values enhance succession planning and generational continuity within SMEs. Transgenerational Succession (TS) significantly affected Sustainability of SMEs (SUS) with a path coefficient of β = 0.594 and p = 0.000. The result indicated that effective succession mechanisms contribute positively to long-term business sustainability. Socioemotional Wealth (SW) also demonstrated a significant direct impact on Sustainability of SMEs (SUS) with a path coefficient of β = 0.310 and p = 0.000. This implied that emotional attachment, family control, and legacy preservation positively support the sustainability of family-owned SMEs. The coefficient of determination (R^2) values demonstrated substantial explanatory power of the model. The R^2 value for TS was 0.570, indicating that 57.0% of the variance in Transgenerational Succession was explained by Socioemotional Wealth. The R^2 value for SUS was 0.727, suggesting that SW and TS jointly explained 72.7% of the variance in SME sustainability.

Model Fit Assessment

The model fit indices confirmed the adequacy of the proposed SEM model. The Standardized Root Mean Square Residual (SRMR) value was 0.035, which is below the recommended threshold of 0.08, indicating good model fit. The Normed Fit Index (NFI) value was 0.909, exceeding the acceptable benchmark of 0.90 and confirming satisfactory model fitness. The d_ULS and d_G values were 0.192 and 0.396 respectively, suggesting acceptable discrepancy levels between the empirical and estimated covariance matrices. Overall, the findings confirmed that Socioemotional Wealth plays a critical role in strengthening Transgenerational Succession and enhancing Sustainability of SMEs in Chhattisgarh. The results also established the importance of succession continuity in ensuring long-term organizational sustainability among family-owned SMEs.

Discussion and Implications

The present study examined the influence of socioemotional wealth on the sustainability of SMEs through the mediating role of transgenerational succession among family-owned enterprises in Chhattisgarh. The findings provide substantial empirical support for the proposed conceptual framework and contribute to the growing literature on family business sustainability and succession dynamics in emerging economies. The results revealed that socioemotional wealth significantly influences transgenerational succession. This finding suggests that family firms possessing strong emotional attachment, family identity, continuity intentions, and preservation of family control are more likely to engage in structured succession planning and intergenerational transfer processes. The outcome aligns with the assumptions of Socioemotional Wealth Theory, which posits that family firms prioritize non-economic goals such as family legacy, reputation, and continuity alongside financial objectives. In the context of Chhattisgarh, many SMEs are deeply embedded within family and community structures, where business continuity is often perceived as an extension of family heritage rather than merely an economic activity. The findings indicate that socioemotional considerations become a strategic force that shapes succession intentions and long-term business orientation.

The study also found a significant positive relationship between transgenerational succession and sustainability of SMEs. This result demonstrates that effective succession mechanisms enhance long-term organizational continuity, strategic adaptability, and operational resilience. Family businesses that successfully transfer managerial

knowledge, entrepreneurial values, and tacit organizational capabilities across generations appear better positioned to sustain competitive performance over time. The finding supports stewardship perspectives in family business research, where successors are viewed not only as inheritors of ownership but also as custodians of organizational continuity and stakeholder relationships. The result is particularly important in developing regional economies such as Chhattisgarh, where SMEs often operate in uncertain institutional and market environments. Succession readiness may therefore function as a stabilizing mechanism that protects firms from discontinuity and strategic decline. Another significant finding was the direct influence of socioemotional wealth on SME sustainability. This relationship indicates that emotional commitment and family-centered governance practices contribute positively to business survival and sustainability outcomes. Family firms characterized by strong relational ties, collective commitment, and long-term orientation tend to prioritize enduring stakeholder relationships and reputation preservation. Such orientations may encourage prudent decision-making, employee loyalty, customer trust, and continuity-driven investments. The findings reinforce the argument that socioemotional wealth is not merely an emotional construct but also a strategic intangible resource capable of generating sustainable organizational advantages. The structural model further demonstrated substantial explanatory power, with socioemotional wealth and transgenerational succession jointly explaining a high proportion of variance in SME sustainability. This highlights the importance of integrating emotional and succession-related dimensions into sustainability discussions within family business scholarship. Existing sustainability research in SMEs has frequently focused on financial capabilities, innovation, or external environmental factors. The present findings extend the literature by emphasizing internal family-centered drivers of sustainability, particularly within emerging market contexts. The study offers several theoretical implications. First, it strengthens the applicability of Socioemotional Wealth Theory in explaining sustainability-oriented behavior among family-owned SMEs in India. While prior studies have predominantly examined socioemotional wealth in Western settings, the present research demonstrates its relevance in culturally collectivist and relationship-oriented business environments. Second, the findings contribute to succession literature by empirically positioning transgenerational succession as a strategic mechanism linking family-centered values with long-term organizational sustainability. Third, the study advances sustainability literature by integrating emotional wealth preservation and succession continuity into the broader sustainability discourse of SMEs. The research also carries important managerial implications for SME owners, family business leaders, and policymakers. Family business owners should recognize succession planning as a strategic sustainability investment rather than a reactive administrative activity. Many SMEs delay succession-related decisions until leadership transitions become unavoidable, often resulting in conflict, discontinuity, or business decline. The findings suggest that early successor grooming, intergenerational communication, and structured knowledge transfer mechanisms can significantly strengthen sustainability prospects. SME support agencies and policymakers may also benefit from the findings. Government initiatives focused on MSME development often emphasize financing, digitalization, or infrastructure support while paying limited attention to succession preparedness and family governance practices. Institutional programs aimed at succession training, leadership mentoring, and family business advisory services could improve long-term survival rates of family-owned SMEs in regional economies. Chambers of commerce and entrepreneurship development institutions in Chhattisgarh may also create awareness programs addressing intergenerational continuity and family business governance.The study is subject to certain limitations. The research was conducted within SMEs located in Chhattisgarh, which may limit the generalizability of findings across other states or national contexts. The cross-sectional design also restricts the ability to capture longitudinal succession transitions and evolving sustainability outcomes over time. Future studies may adopt longitudinal approaches to examine how socioemotional wealth and succession dynamics evolve across multiple generations. Researchers may also explore moderating variables such as family governance structure, innovation capability, gender dynamics, or cultural orientation to develop a more nuanced understanding of family business sustainability. Despite these limitations, the study provides meaningful empirical evidence on the strategic role of socioemotional wealth and transgenerational succession in sustaining family-owned SMEs. The findings highlight that sustainability within family businesses is not driven solely by economic rationality but is deeply influenced by emotional attachment, continuity intentions, and intergenerational stewardship orientations.

Conclusion

The present study examined the relationship between socioemotional wealth, transgenerational succession, and sustainability of SMEs among family-owned enterprises in Chhattisgarh using Structural Equation Modeling (SEM). The findings

demonstrated that socioemotional wealth significantly influences both transgenerational succession and sustainability of SMEs, while transgenerational succession also positively contributes to long-term organizational sustainability. These results indicate that emotional attachment, family identity, continuity intentions, and intergenerational stewardship play a critical role in sustaining family businesses across generations. The study contributes to family business and SME sustainability literature by integrating emotional and succession-related dimensions within a unified empirical framework. The findings support the argument that sustainability in family-owned SMEs extends beyond financial performance and is strongly shaped by relational and socio-cultural factors. The research also validates the applicability of Socioemotional Wealth Theory within the context of emerging regional economies such as Chhattisgarh. From a practical perspective, the study highlights the importance of structured succession planning, successor development, and preservation of family-centered values for ensuring business continuity. Policymakers and SME development institutions may utilize these insights to design family business support mechanisms that strengthen long-term sustainability and intergenerational continuity among SMEs. Future studies may expand the model by incorporating governance, innovation, and cultural dimensions across broader geographical contexts.

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