



Gen Z Adoption Rate In Indian Family Businesses

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ABSTRACT:

Purpose: This paper aims to understand the relationship between Gen Z and their family businesses in India. The study focuses on three key areas: their intent to join the family business, their interest in working there, and their preferences for inheritance. The study is looking to fill a gap in the research, as there's not much specific information on what drives Indian Gen Z heirs and how they see the difference between leading a business versus simply owning a part of it.

Design/methodology/approach: The study is a mixed-methods study that will use both qualitative and quantitative research methods to get a full picture of Gen Z succession in Indian family businesses. The research will be conducted by interviewing people, the interviews are designed to explore the motive of the GENZ.

Findings: The study has identified four main perspectives among Gen Z regarding the family business. Some are genuinely eager to lead and grow the company, while others are reluctant successors who want to pursue their own careers. A third group consists of cautious contributors who are willing to join but feel they can't make a significant impact. Lastly, there are the obligated heirs, who join out of a sense of duty despite wanting a different career path.

Originality: The study examines the preferences of the Gen Z heirs within Indian family businesses. It gives a point of view for the intent, interest and Inheritance Preferences of the Gen Z heirs of Indian family businesses.

Research limitations/implications of research: The study is limited by a small, self-reported sample from heirs alone, which may oversimplify motivations and lacks perspectives from other stakeholders, making findings context-specific to India and not broadly generalizable.

Practical Implications: The study shows that while many Gen Z heirs prioritize personal careers, those who do engage bring fresh ideas, pushing family firms to rethink succession, adopt flexible roles, and benefit from stronger, more innovative leadership.

Keywords: Gen Z, Family Businesses, Succession Planning, Heirs.

INTRODUCTION:

Family businesses are often considered the backbone of India's economy and social fabric, built on a foundation of tradition, legacy, and continuity. However, the conversation around succession is changing significantly as the next generation, Gen Z, steps up to lead. Unlike previous generations who often had a predetermined path into the family business, Gen Z approaches this transition with a unique blend of ambition, uncertainty, and a focus on individuality. This generational shift means that the succession journey is no longer a simple, linear progression but a complex process shaped by new perspectives and priorities.

This generation, raised on technology and globalization, sees their careers as a matter of personal choice, not just a duty. For them, the family business isn't just an inheritance; it's a question of identity. They're asking themselves: Is this where I belong? Can I see myself leading this? Or should I create my own career path somewhere else? These questions are forcing family businesses to redefine what succession means. It's no longer just about passing on ownership; it's about passing on a shared vision, a sense of responsibility, and a commitment to innovation.

Against this backdrop, the study examines the "succession puzzle" through the eyes of Gen Z heirs in India. By exploring their intent to join, their interest in participating, and their preferences regarding inheritance, this research aims to understand what succession truly means for a generation that seeks to define its own

path. The narrative is not one of decline or loss, but of transition—a point where established values meet new priorities. This presents family businesses with an opportunity not just to survive, but to evolve and thrive in new ways. Succession planning in Indian family businesses particularly with regard to Generation Z has emerged as a crucial field of study and application. Family businesses' continuity and sustainability are impacted by the new Gen Z generation's distinct opportunities and challenges, which are very different from those of earlier generations.

Chillakuri et al. (2022) shed light on how Gen Z views family business succession. Their study shows that many in this generation are less drawn to traditional succession roles, instead prioritizing job security, personal ambitions, entrepreneurial goals, and a healthy work-life balance. Rather than simply stepping into inherited businesses, they often prefer to create their own career paths. This signals the need for family firms to rethink their approach, offering meaningful and flexible opportunities that align with Gen Z's values, rather than relying solely on legacy.

Building on this, Gera et al. (2025) explore succession within Indian micro and small technology enterprises. Here, the challenge becomes even greater, as successors must combine strong business acumen with technical expertise. Their findings emphasize the value of clear governance structures and defined role boundaries to prevent family conflicts. They also highlight strategies such as professional mentoring and carefully managing ownership dilution, which are proving vital for ensuring sustainable succession in tech-driven sectors.

Dalmia (2018) highlights the emotional challenges that often arise in nuclear family-owned businesses, where sibling rivalries and diverse career aspirations can limit succession options. The study stresses the importance of early succession planning and hands-on training as tools to reduce conflict and secure long-term continuity. It also introduces the idea of a “mid-size transformation crisis,” where mid-sized firms face particular difficulties in navigating leadership transitions.

Takahashi and Srivastava (2025) provide a comparative view of Indian and Japanese family systems, showing how cultural dimensions shape succession outcomes. While both contexts share collectivist and hierarchical traits, they differ in the pace of institutional change. In India, the gradual evolution of family structures has led to unique succession dynamics, underscoring the need for more empirical research to better understand how cultural factors influence the process.

Abaddi (2025) examines how socioeconomic, familial, cultural, organizational, and technological factors affect succession in Jordanian family businesses, with notable parallels to the Indian context. Successor traits such as education and attitude emerge as critical to effective leadership transfer, supported by strong family relationships. The study also underlines the role of digital integration in succession planning, while acknowledging that findings may not be universally applicable across cultures.

Stevanovski et al. (2024) focus on the challenges of engaging Gen Z employees in family firms worldwide. Their research highlights the generation's distinct motivations, technological fluency, and entrepreneurial drive, which often require family businesses to adapt psychological contracts and work practices. Balancing these emerging generational values with traditional norms remains a delicate task, and the authors note that empirical work in this area is still at an early stage.

An HSBC report (2025) reveals a steep decline in Indian heirs' willingness to enter family businesses, with only 7% feeling a sense of obligation to take over. Instead, most prefer pursuing personal interests outside family enterprises, a trend shaped by shifting career aspirations and greater global exposure. This raises pressing concerns about the long-term sustainability of family firms within changing socio-cultural contexts.

Rekhi (2025) notes that smaller Indian family businesses are increasingly turning to formal succession planning and family constitutions as tools to reduce conflict and professionalize governance. Younger generations often demand clearer roles, transparency, and merit-based decisions, with external advisors becoming more involved in governance structures. However, evidence on the effectiveness of these practices remains limited, pointing to the need for further systematic investigation.

Desai and Harikrishnan (2022) explain why multi-generational family businesses are relatively uncommon in India, attributing this to weak succession planning, governance gaps, and generational value misalignment. Governance tools such as advisory boards and family constitutions are still emerging, and many businesses eventually fragment due to internal disputes and a lack of professional management practices.

Mukherjee (2025) observes that many affluent Gen Z heirs are distancing themselves from traditional family firms, choosing instead to pursue philanthropic or creative ventures. High-profile exits, such as the sale of VIP Industries, illustrate this trend. While such moves reflect a democratization of capital, they also reinforce the concentration of economic power, challenging traditional models of succession.

Muraleedharan (2025) finds that only 12% of Indian family businesses survive into the third generation, with succession gaps, family disputes, and market adaptation failures being the main causes. Nevertheless, the study suggests that Millennials and Gen Z could play a revitalizing role if given appropriate training and greater freedom to innovate. Successful examples from conglomerates like Tata and Birla underscore how effective governance and leadership transitions can safeguard long-term continuity.

Agnihotri and Bhattacharya (2024) present a conceptual framework emphasizing the intergenerational transfer of virtuous family values. This process is moderated by family-specific traits such as size, parenting style, and offspring characteristics, highlighting how social and cultural mechanisms complement financial and managerial factors in shaping succession.

Merchant et al. (2017) analyze continuity in Indian SMEs, identifying social and cultural enablers of longevity. Their findings point to the importance of early willingness during induction, effective tension management, and fostering a culture of appreciative feedback. These factors strongly influence both business outcomes and family cohesion.

Similarly, Bathija and Priyadarshini (2018) examine personal and strategic factors in SME succession, finding that while gender is generally not decisive, attributes such as leadership skills, prior experience, and religious values weigh heavily in succession decisions. Broader economic and industry-specific conditions further shape how businesses plan for the future.

Merchant, Kumar, and Mallik (2017) emphasize the role of relationship quality, trust, and communication in succession. Their case studies show that emotional intelligence and the ability to manage tensions not only smoothen generational transitions but also create opportunities for innovation alongside continuity.

Overall, the literature shows that family business succession in India is complex and constantly changing. It is shaped by social, cultural, economic, and managerial factors, and points to the need for better governance practices, stronger alignment of values, and active involvement of younger generations to secure long-term sustainability.

RESEARCH PROBLEM:

The central research problems for studying Gen Z adoption rate in Indian family businesses revolve around understanding both the motivations and barriers Gen Z faces regarding succession, leadership, and inheritance in these firms.

- 1. Low Succession Interest Among Gen Z** - The Gen Z respondents survey indicates that this generation often lacks a natural inclination to join their family businesses. Instead, they are more inclined to pursue independent careers shaped by personal interests, rather than a sense of duty or tradition.
- 2. Leadership vs. Ownership Contrast** - Gen Z often distinguishes between leading a business and merely inheriting wealth. What drives their preference for active leadership roles versus passive inheritance, and how does this influence succession planning and business continuity?
- 3. Generational Expectations vs. Gen Z Priorities** - Parental pressure and legacy expectations often clash with Gen Z's focus on innovation, autonomy, and work-life balance. What strategies can bridge these generational gaps to facilitate smoother transitions?
- 4. Impact of Modernization and Innovation** - Gen Z considers modernization, digital transformation, and expansion essential when taking over. What barriers do heirs face in implementing change, and how can family businesses ensure effective adaptation without alienating older generations?
- 5. Psychological and Emotional Barriers** - Many successors report pressure, obligation, and a limited sense of impact, which fosters reluctance. How do these psychological factors influence succession

decisions and what interventions can support positive engagement?

METHOD

This study utilized a mixed-methods approach with a strong emphasis on qualitative research to explore Gen Z adoption in Indian family businesses. Initially, a broad survey collected 60–70 responses from Gen Z heirs, capturing a wide spectrum of attitudes towards succession, leadership, modernization, and inheritance. From this pool, 10 versatile responses were purposefully selected based on diversity in intent (Yes, No, Not Sure), motivation, interest levels, and succession perspectives.

The selected group of respondents were invited to take part in a detailed follow-up questionnaire that included both open-ended and structured questions. The questionnaire explored key themes such as motivations for joining or not joining the family business, leadership styles and preferences, priorities for modernization, sources of career influence, and perceived challenges. The sample was drawn using a self-reported convenience method, focusing on heirs who are either currently engaged in or anticipate future involvement in Indian family enterprises.

All responses were kept strictly confidential, with full attention to ethical transparency at every stage of the study. The data were carefully coded and examined through thematic analysis to bring out overarching trends and subtle insights. This process revealed a mix of psychological and practical factors influencing succession, modernization, autonomy, family expectations, and individual roles within the business. Themes were considered well established once similar ideas and viewpoints began to recur across participants, offering a strong and balanced reflection of Gen Z attitudes.

ANALYSIS AND FINDINGS

Four main Gen Z Personas emerged regarding succession in Indian family businesses Ambitious Leaders, Hesitant Successors, Prudent Contributors, and Dutiful Heirs, drawn from the analyzed responses.

Aspirant Leaders

Respondents in this group stated that their main reasons for joining the family business were leadership and innovation. They conveyed a strong desire to lead growth and promote significant change, appreciating hands-on expertise and the opportunity to leave a lasting impression. A lot of people in this group saw the family business as a way to demonstrate their entrepreneurial skills and carry out modernization projects that met international standards. Their strategy demonstrates an innovative mentality, where succession is viewed as a chance for change and development rather than a responsibility.

Example: “I see myself leading the business—creating impact and driving growth gives me a stronger sense of purpose than simply inheriting ownership or wealth.”

Key Motivators: Opportunities for expansion, professional growth, and financial returns. Perceived

Barriers: Generational differences, resistance to modernization, and the challenge of balancing tradition with innovation.

Reluctant Successors

Respondents in this group expressed little interest in working for the family business, preferring independent career paths that let them follow their own interests. The appeal of taking on a particular position within the company was outweighed by their desire for independence and self-direction. These successors frequently saw the family business as a constrictive setting that couldn't offer the same freedom or creative fulfillment as independent endeavors. Their perspective illustrates how important personal identity and fulfillment are becoming when choosing a career, especially for younger generations that value independence.

Example: “Building my own career feels more meaningful, as it gives me the independence to explore my interests rather than being confined to a set path.”

Key Motivators: Freedom, autonomy, and alignment with personal interests.

Perceived Barriers: Parental expectations, lack of personal connection to the business, and perceptions of rigidity within traditional structures.

This group demonstrated a moderate level of interest in working for the family business; they frequently indicated that they would be willing to contribute but were unsure of how much of an impact they could have. They were less certain of their capacity to bring about significant change within existing structures, even though they were aware of opportunities for stability and career security. Their position frequently reflects a pragmatic approach, where they are willing to participate but only in circumstances that provide room for gradual learning and eventual influence. This cautious optimism emphasizes how structured transition planning and mentoring shaped their involvement.

Example: “Opportunities for expansion might encourage me, but I am uncertain whether I could make a meaningful impact.”

Key Motivators: Stability, career security, and meeting family expectations. Perceived Barriers: Limited experience, resistance to digital transformation, and rigid organizational structures.

Obligated Heirs

Some respondents wrote about feeling pressured to work in the family business, more out of obligation or familial expectations than out of personal desire. Although they recognized the legacy and stability that come with succession, their involvement was frequently presented as a duty rather than a free will decision. When individual goals clash with familial demands and group responsibilities, this mentality frequently leads to internal conflict. Their inclusion in discussions of succession highlights the continuous conflict between tradition and individuality, casting

doubt on the viability of duty-driven participation in subsequent generations.

Example: "I have some interest, but the pressure from my family leaves me with only one path for the future."

Key Motivators: Parental expectations, career stability, and continuation of legacy.

Perceived Barriers: Reduced personal freedom, obligation overriding personal aspirations, and pressure to modernize in ways that may not align with their vision.

Leadership vs. Ownership

The majority of participants made it clear that they preferred active leadership positions over passive inheritance. They linked positions of authority and influence with significant impact and the desire for modernization. According to this research, Gen Z values autonomy and aims to define success based on their capacity for innovation, growth, and impact rather than money or titles. Instead of depending only on inherited roles, such an outlook might also encourage family businesses to establish more defined pathways for leadership development.

Modernization and Innovation

Respondents consistently highlighted the value of innovation and modernization, especially when thinking about their possible roles as successors. These components were thought to be essential for maintaining competitiveness and relevance in the changing business landscape. The adoption of global best practices and digital transformation were also emphasized by many respondents as non-negotiable elements of their future vision. This viewpoint ensures flexibility in rapidly evolving markets by positioning Gen Z as catalysts for long-term renewal within family businesses.

Barriers to Succession

Generational differences, staff management issues, elder family members' opposition, internal family politics, a lack of personal freedom, and the strain of quickly shifting markets were among the frequently mentioned difficulties. Additionally, respondents noted that their lack of professional training and exposure made it more difficult for them to be prepared to take on leadership roles. In order to overcome gaps, these obstacles emphasize the necessity of methodical succession planning, capacity building, and open communication between generations.

Motivational Drivers

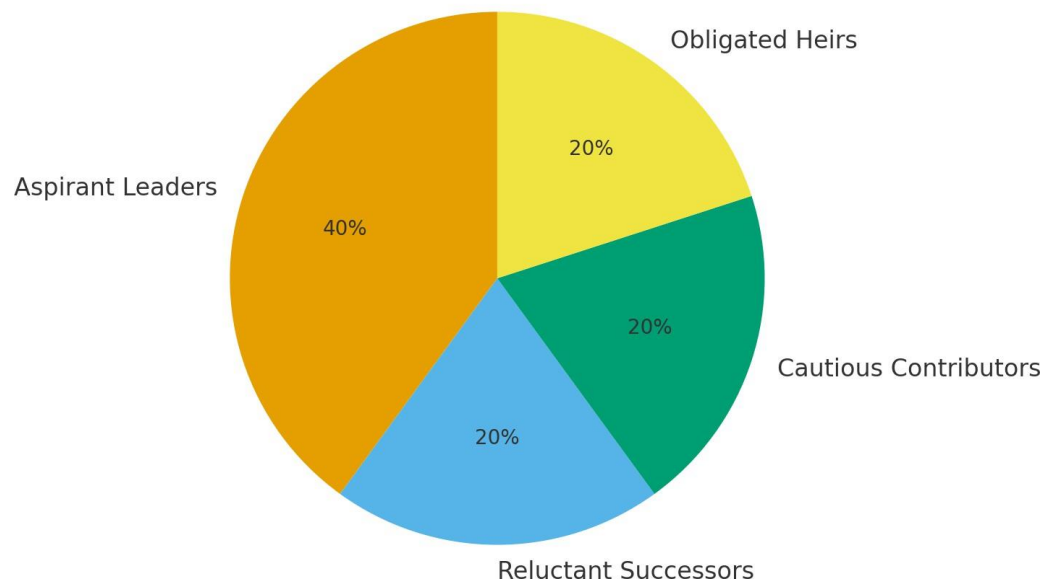
Opportunities for growth, alignment with personal interests, financial return prospects, and long-term career advancement were major determinants of decision-making. The ability to contribute significantly to society and business, according to the respondents, increased their desire to assume leadership positions. The desire for autonomy in leadership, along with the desire to innovate and go beyond conventional models, was a recurrent theme. If fostered, these motivators could assist family businesses in capturing the energy of Generation Z in order to increase resilience and expansion.

Gen Z Persona	Interest Level	Motivators	Barriers	Preferred Role	Sample Response
Aspirant Leaders	High	Expansion, growth	Legacy, tradition	Leadership	Leader for growth and impact...
Reluctant Successors	Low/No interest	Independence, passion	Pressure, irrelevance	Independent career	Independent career is more appealing...
Cautious Contributors	Moderate	Stability, opportunity	Experience, resistance	Conditional leadership	Expansion opportunities, but unsure of impact...
Obligated Heirs	Moderate/Low	Family expectation	Compromise, obligation	Ownership/forced lead	Family pressure leaves me one option...

Proportional Representation of Gen Z Personas

The Pie chart provides a clear picture of the distribution of intent, motivation, and obligation among heirs by highlighting the proportionate distribution of the four personas found in the study. It supports the notion that a variety of viewpoints survive and that no one mindset is dominant in the generational outlook. The chart highlights the significance of recognizing diversity in succession planning approaches and supports the qualitative findings by providing a visual representation of the data.

Gen Z Personas in Indian Family Businesses



LIMITATIONS

Sample Size and Generalizability

This research utilizes a limited sample of around 60–70 Gen Z heirs, with comprehensive qualitative insights derived from merely 10 participants. This method facilitates detailed exploration of individual viewpoints; however, the limited sample size constrains the capacity to extrapolate findings to the wider population of Gen Z heirs within India's diverse family enterprises. The study's findings may therefore overlook significant variations across regions, socioeconomic classes, or industries, where succession challenges may differ greatly.

Reliance on Self-Reported Heir Data

By focusing solely on the self-reported experiences and perceptions of Gen Z heirs, the study may be subject to bias. Respondents may present socially desirable answers, exaggerate their independence, or underreport family pressures, consciously or unconsciously shaping the data. This reliance excludes vital perspectives from other stakeholders—such as parents, senior family members, and professional managers—whose influence and involvement are often decisive in succession outcomes. As a result, the findings reflect only one side of a much larger conversation.

The research primarily utilizes qualitative methodologies, supplemented by a limited quantitative survey. While thematic analysis allows for rich interpretation of motives, conflicts, and psychological influences, qualitative research is inherently shaped by the researcher's lens and participants' narratives. Without strong statistical backing, the results serve as illustrations of experiences rather than generalizable trends. This restricts the study's ability to make predictive claims about the wider Gen Z heir population.

Geographic and Socioeconomic Bias

Given that most of the people who answered the survey lived in cities and were wealthy Gen Z heirs, the results may show more of the views of these people than of others. The attitudes and obstacles encountered by heirs in rural or economically disadvantaged family enterprises are insufficiently examined.

Narrow Focus on Heirs and Exclusion of Non-Participants

The study's scope is limited to heirs anticipated or inclined to participate in succession. This leaves out those Gen Z family members who have firmly opted out of business involvement, whose perspectives could reveal equally valuable insights into disengagement and alternative career aspirations. It also overlooks the role of other actors—siblings, cousins, or close family advisors—who can strongly shape succession dynamics, either by encouraging, resisting, or indirectly influencing decisions.

Context-Specific Insights

Findings and interpretations are deeply contextual, shaped by the sociocultural traditions of Indian business families. Local customs, family hierarchies, and regional practices all play a significant role in framing Gen Z heirs' choices and dilemmas. While this provides depth in capturing India's unique environment, it limits the transferability of conclusions to international or non-Indian contexts, where cultural norms and succession practices may look very different.

Absence of Longitudinal Perspective

The study is cross-sectional, providing a snapshot of Gen Z heir attitudes at a single point in time. Succession aspirations, willingness to modernize, and views on autonomy may evolve over the years, influenced by changes in family structure, market trends, or personal development. The absence of longitudinal tracking limits understanding of how these attitudes change over time.

Researcher Bias and Interpretative Limits

As with any qualitative research, the coding and thematic analysis are influenced by researcher assumptions and methodology. The subjective nature of the analysis may create interpretative bias or inadvertently skew the identification of core themes.

Expand Sample Diversity and Size

Future research should aim to include larger and more diverse samples, representing varied regions, industries, and socioeconomic groups across India. This would allow findings to better capture the wide spectrum of family business contexts and improve the generalizability of results.

Include Multiple Stakeholders

In addition, incorporating perspectives beyond heirs—such as parents, senior family members, non-heir relatives, and professional managers—can offer a more comprehensive picture of how succession unfolds. Such multi-stakeholder insights would help balance heir narratives with the voices of those who actively shape succession decisions.

Conduct Longitudinal Studies

Longitudinal studies are also essential. Tracking Gen Z heirs over time can reveal how initial intentions translate into actual participation and leadership roles, while also accounting for changes in family dynamics, personal development, and market conditions.

Examine Digital Transformation and Innovation

Given Gen Z's strong orientation toward modernization, further inquiry into the role of digital strategies, innovation, and new business models in succession outcomes is critical. These factors may significantly influence how heirs navigate and transform traditional enterprises.

Explore Psychological and Cultural Dimensions

Greater focus on emotional, psychological, and cultural barriers—including family pressures, identity challenges, and generational conflicts—will aid in developing supportive succession interventions. Researching non-traditional arrangements such as partial leadership, shared governance, or professional management may offer solutions where direct heir succession is reluctant or unfeasible.

IMPLICATION

We find that Gen Z heirs in Indian family businesses have a range of opinions, ranging from a desire to lead and innovate to a sense of obligation or reluctance to join. This indicates the need to reconsider conventional succession models. We recognize the benefits of developing adaptable career paths that honor Gen Z's yearning for independence and fulfilling roles. Many people would rather be in a leadership role than just own a portion of the company, so we think it's critical to create mentorship programs, leadership programs, and modernization projects that speak to their motivations. In order to promote more seamless transitions, we recognize the necessity of addressing psychological issues like pressure and limited perceived impact. We believe that maintaining the relevance and resilience of family businesses requires open communication, flexible governance, and digital readiness.

At the same time, we also recognize that our research has limitations that limit its broad application, mainly the small, convenience-based, heir-only sample. Despite these limitations, our mixed-methods approach provided significant insights into the changing role of Gen Z in family businesses as well as rich qualitative depth. Rather than being the last word, we view this paper as a starting point that creates avenues for further investigation.

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