

CHAPTER 4

RESULT

This research chapter presents the outcomes and delves into the discoveries obtained from the questionnaires collected from the participants. The questionnaires were self-administered during distribution. Therefore, Employing an online questionnaire for Family Business Owners offers numerous advantages. This approach allows respondents the flexibility to answer at their convenience, removes the need for scheduling appointments, saves time, and eliminates the requirement for an interviewer due to the closed-ended format of the questionnaire. Furthermore, The findings obtained will be utilized as supporting data for the research objective concerning the Influence of Tradition and Collectivism on Succession in Family Businesses in Indonesia, which is mediated by Succession Planning.

4.1. Profile Of Respondent

The study encompassed a considerable cohort, with participants falling primarily within the age brackets of 31-40 (46%, N=97) and 21-30 (29%, N=61). Moreover, the generational breakdown revealed a predominant presence of Millennials, born between 1981-1996 (40%, N=84), followed closely by Generation X, spanning from 1965-1980 (24.8%, N=52), and Generation Z, born between 1997-2012 (24.8%, N=52). Gender distribution leaned towards a majority of male participants (59.5%, N=125), with females constituting the remaining portion (40.5%, N=85). Consequently, a significant proportion of participants held either Diploma or Bachelor's degrees (74.3%, N=156), indicating a strong educational background among respondents. The findings underscore a notable correlation (74.8%, N=157) between formal education and engagement within the family

business domain. The question of Length of experience working outside the family company majority are taken by 1-5 years (49%, N=103), and less than 1 year (25.7%, N=54). Therefore, The question about Role in the family company are significantly gathered from the Family Owners (29.5%, N=62) and Family Owner-Employees (25.2%, N=53) highlighting their pivotal roles within the organizational structure. The generation represents the current leadership in the family company majority are gathered from Second Generation (48.6%, N=102) as second place taken by Third-Generation (31%, N=65) indicative of the family continuity in leadership positions. Furthermore, The family members are actively involved in the day-to-day operations of the family business are majority in this study are 3-5 Family members (46.7%, N=98) underscoring the collaborative nature of familial enterprises, and family members in total own shares in the family company significantly gathered from 6-10 members (34.3%, N=72) indicative of a shared stake in the enterprise's success, as how big the family business the study gathered from How many the employee are as majority taken by 101-500 Employees (42.4%, N=89) and The annual operating income range are significantly gathered *Rp. 501.000.000.000- Rp. 1.000.000.000.000* (40,5%, N=85) showcasing the financial robustness of the surveyed enterprises.

Categories		Frequency (N)	Frequency (%)
Gender	Male	125	59.50%
	Female	85	40.50%
Age	Below 20 Years	1	0.50%
	21-30 Years	61	29.00%
	31-40 Years	97	46.20%
	41-50 Years	37	17.60%
	51-60 Years	11	5.20%
	Above 60 Years	3	1.40%
Generation	Silent Generation 1925-1945	1	0.50%
	Baby Boomers 1946-1964	21	10.00%
	Generation-X 1965-1980	52	24.80%

	Millenials 1981-1996	84	40.00%
	Generation-Z 1997-2012	52	24.80%
Formal Education	High School	4	1.90%
	Diploma or Bachelor	156	74.30%
	Magister	38	18.10%
	Doctorate	12	5.70%
Connection between Formal Education and the Family Business Field	Not Related	19	9.00%
	Quite Related	34	16.20%
	Highly Related	157	74.80%
Experienced Working Outside the Family Business	Never	24	11.40%
	Below 1 Year	54	25.70%
	1-5 Years	103	49.00%
	6-10 Years	23	11.00%
	Above 10 Years	6	2.90%
The correlation between work experience outside the family company and the family business sector being pursued.	Not Corellated	40	21.50%
	Corellated	139	74.70%
	Identical	7	3.80%
Role In the Family Business	Non-family Owner-Employees	20	9.50%
	Non family Non-manager Owners	9	4.30%
	Family Employees Only	45	21.40%
	Family members	4	1.90%
	Family Owner-Employees	54	25.70%
	Family owners	64	30.50%
	Non-family members	14	6.70%
Length of time working in the family company before being appointed as the successor	Below 1 Years	3	5.70%
	1-5 Years	22	41.50%
	6-10 Years	13	24.50%
	11-15 Years	7	13.20%
	above 16 Years	8	15.10%
Positing First Joining the Family Business	Entry-Level	3	5.70%
	Low Management	7	13.20%
	Mid Management	24	45.30%
	Senior Management	19	35.80%
The number of different positions held within the family company.	1 position	5	9.40%
	2 Position	15	28.30%
	3 Position	17	32.10%
	4 Position	9	17.00%
	5 or more Position	7	13.20%

Encouragement from previous generations for successors to be interested in joining the family business.	Not Supportive	1	1.90%
	Neutral	17	32.10%
	Quite Supportive	18	34.00%
	Very Supportive	17	32.10%
The main motivation for joining the family business as a successor	Lifestyle	1	1.90%
	Career Opportunities	5	9.40%
	Control/Experience	10	18.90%
	Living Needs	8	15.10%
	Responsibilities	23	43.40%
	Satisfaction	6	11.30%
Level Of Preparation during the take over	Not Ready	6	11.30%
	Ready	17	32.10%
	Quite Ready	18	34.00%
	Very Ready	12	22.60%
The takeover by the successor occurs when the predecessor.	Founder	4	7.50%
	Still Involved	33	62.30%
	Retired	7	13.20%
	Deceased	9	17.00%
The procedure for selecting a successor is conducted	Formal	33	62.30%
	Non-Formal	20	37.70%
The reason you were chosen as the successor is because	Motivation	8	15.10%
	Timing	19	35.80%
	Personal	9	17.00%
	Skill	17	32.10%
There is a formally written succession planning document.	Yes	40	75.50%
	No	13	24.50%
External consultants are external professionals hired to provide expertise and objective insights into company succession.	Yes	32	60.40%
	No	21	39.60%
Do you involve non-family mentors in overseeing the succession process? External mentors are individuals with more experience in the same business or industry, providing guidance and advice to successors.	Yes	27	50.90%
	No	26	49.10%
How do you describe the characteristics of the transition you have undergone? (Choose the most suitable option)	Difficult	2	3.80%
	Comfortable	7	13.20%
	Antagonistic	4	7.50%

	Smooth	6	11.30%
	Frustrating	6	11.30%
	Complicated	14	26.40%
	Well-Coordinated	13	24.50%
How do you describe the characteristics of the transition you have undergone?	Not Good	1	1.90%
	Moderate	9	17.00%
	Good	28	52.80%
	Very Good	15	28.30%
The industry type of the family company.	Hospitality And Tourism	10	4.80%
	Retail	19	9.00%
	Services	48	22.90%
	Logistic	8	3.80%
	Commodities	6	7.60%
	Health and Hospitality	2	1.00%
	Minning	5	2.40%
	Property	32	15.20%
	Construction	3	1.40%
	Agriculture	25	11.90%
	Education	2	1.00%
	Manufacturing	8	3.80%
	Technology	2	1.00%
	Convection	2	1.00%
	Finance	25	11.90%
	Event Organizer	1	0.50%
	Law Firm	2	1.00%
How long have you been involved in the family company?	Below 1 year	5	2.40%
	1-5 Years	37	17.60%
	6-10 Years	93	44.30%
	11-15 Years	48	22.90%
	16-20 Years	15	7.10%
	21 Years above	12	5.70%
Generation Represent	1st Generation	33	15.70%
	2nd Generation	102	48.60%
	3rd Generation	65	31.00%
	4th Generation	8	3.80%
	5th Generation Above	2	1.00%

family members are actively involved in the day-to-day operations of the family business	1-2	25	11.90%
	3-5	98	46.70%
	6-10	64	30.50%
	11-15	13	6.20%
	16 above Members	10	4.80%
family members in total own shares in the family company	1-2	27	12.90%
	3-5	48	22.90%
	6-10	72	34.30%
	11-15	51	24.30%
	16 above Members	12	5.70%
employees currently work in your family company	1-10	9	4.30%
	11-50	16	7.60%
	51-100	76	36.20%
	101-500	89	42.40%
	501 Above Employee	16	9.50%
The Annual Operating Income	Rp. 501 Million - Rp. 5 Billion	16	7.60%
	Rp. 5.1 Billion - Rp. 50 Billion	16	7.60%
	Rp 51 Billion- Rp 500 Billion	64	30.50%
	Rp 501 Billion - Rp 1 Trillion	85	40.50%
	Above Rp 1 Trillion	29	13.80%

Table 4.1 Profile of The Respondent

4.2. The Standardized Loading Factor of Indicator Variables

The standardized loading value indicates the relationship between indicator variables and their dimensions. This value usually ranges from -1 to 1, where negative values signify a negative relationship and positive values signify a positive relationship. Values close to an absolute 1 suggest a stronger relationship. In academic literature, a standardized loading value above 0.7 (or 0.5, if adjustments are needed) is considered satisfactory, while values below this threshold are seen as inadequate. Indicator variables with low standardized

loading values can be removed from the model due to their minimal impact on the dimension. Maintaining indicator variables with low standardized loading values in the model can negatively affect the reliability and validity test results, specifically lowering the Composite Reliability and Average Variance Extracted values, leading to less favorable outcomes. SFL stands for Standardized Factor Loading (acceptable criteria: Loading ≥ 0.70 and p-value < 0.05).

Indicator	Loading	p-value	Conclusion
TRAD1	0.70	0.00	Significant
TRAD2	0.37		Not Significant
TRAD3	0.37		Not Significant
TRAD4	0.33		Not Significant
TRAD5	0.50		Not Significant
TRAD6	0.66	0.00	Significant
TRAD7	0.75	0.00	Significant

Table 4.2 Standardized factor loading for indicators of the Tradition dimension

Indicator	Loading	p-value	Conclusion
COLLECT1	0.67	0.00	Significant
COLLECT2	0.59		Not Significant
COLLECT3	0.55		Not Significant
COLLECT4	0.74	0.00	Significant
COLLECT5	0.69	0.00	Significant

Table 4.3. Standardized factor loading for indicators of the Collectivism dimension

Indicator	Loading	p-value	Conclusion
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SP1	0.75	0.00	Significant
SP2	0.62		Not Significant
SP3	0.52		Not Significant
SP4	0.48		Not Significant
SP5	0.32		Not Significant
SP6	0.56		Not Significant
SP7	0.71	0.00	Significant
SP8	0.58		Not Significant
SP9	0.69	0.00	Significant

Table 4.4 Standardised factor loading for indicators of the Succession Planning dimension

Indicator	Loading	P-value	Conclusion
SUCCESS1	0.74	0.00	Significant
SUCCESS2	0.62		Not Significant
SUCCESS3	0.60		Not Significant
SUCCESS4	0.58		Not Significant
SUCCESS5	0.67	0.00	Significant
SUCCESS6	0.60		Not Significant
SUCCESS7	0.69	0.00	Significant
SUCCESS8	0.71	0.00	Significant
SUCCESS9	0.52		Not Significant

Table 4.5 Standardised factor loading for indicators of the Succession dimension

The indicators highlighted in red in the tables above have been excluded from the analysis because their loading values are below 0.70. Nonetheless, some indicators with loading values under 0.70 have been kept because their values are near 0.70.

4.3. Construct Validity

Validity testing is performed to verify that the indicator variables accurately measure the intended dimension. The metric used for this test is the Average Variance Extracted (AVE). The AVE value ranges from 0 to 1, with higher values

indicating greater validity. As per the literature, an AVE value above 0.50 is considered good. If the validity level is low, it suggests that the indicator variables for a dimension do not uniformly measure the same dimension. Additional analysis, such as factor analysis, may be required to identify the inconsistent indicator variables. AVE stands for Average Variance Extracted (acceptable criteria: $AVE \geq 0.50$).

Dimension	CR	Conclusion
Tradition	0.75	Reliable
Succession Planning	0.76	Reliable
Collectivism	0.74	Reliable
Succession	0.79	Reliable

Table 4.6 Reliability testing using Composite Reliability (CR)

4.4. R-Squared

The R-squared values for both dimensions in the table above are relatively modest. Nevertheless, this is inconsequential as the objective of this study is to explore the impact of independent variables on the target variable, rather than striving to identify the optimal model. However, Family business succession planning is a complex process influenced by various external and internal factors, including technological advancements, globalization, educational disparities, evolving personal aspirations, shifting family dynamics, and financial considerations (Bhattacharya & Sarma, 2021). The definition of "family" has become fluid, and factors like blended families, divergent perspectives, and uneven sibling interest can create significant challenges (Sarma & Bhattacharya, 2020). Open communication and a nuanced understanding of family dynamics are essential for a smooth transition, requiring a careful balance between individual aspirations, shared family values, and the preservation of the business's legacy (Bhattacharya & Sarma, 2021; Sarma & Bhattacharya, 2020, 2021).

Dimension	R ²
Succession Planning	0.31
Succession	0.28

Table 4.7 The R-squared value

4.5. Hypotheses Result

Hypotheses	Relation	Path Coefficient	p-value	Conclusion
H1	Succession Planning → Succession	0.26	0.00	**
H2	Collectivism → Succession	0.13	0.09	*
H3	Collectivism → Succession Planning	0.31	0.00	**
H4	Tradition → Succession Planning	0.35	0.00	**
H5	Tradition → Succession	0.25	0.00	**

Table 4.8 Partial Hypothesis Testing Results

*a. ** significant at 5% alpha; * significant at 10% alpha*

b. Hypotheses 1-5 will be accepted if the p-value is below the alpha value

H1: There is a positive significant relationship between Succession Planning influences Succession

The connection between Succession Planning and Succession shows a p-value of 0.00 (below 0.05) and a path coefficient of 0.26 (positive), indicating a significant positive impact of Succession Planning on Succession. Thus, Hypothesis 1 is supported at the 5% alpha level.

H2: There is a positive significant relationship between Collectivism influences Succession

The relationship between Collectivism and Succession has a p-value of 0.09 (below 0.10) and a path coefficient of 0.13 (positive), indicating a significant positive impact of Collectivism on Succession. Therefore, Hypothesis 2 is supported at the 10% alpha level.

H3: There is a positive significant relationship between Collectivism influences Succession Planning

The relationship between Collectivism and Succession Planning has a p-value of 0.00 (below 0.05) and a path coefficient of 0.31 (positive), indicating a significant positive impact of Collectivism on Succession Planning. Thus, Hypothesis 3 is supported at the 5% alpha level.

H4: There is a positive significant relationship between Tradition influences Succession Planning

The connection between Tradition and Succession Planning shows a p-value of 0.00 (below 0.05) and a path coefficient of 0.35 (positive), indicating a significant positive impact of Tradition on Succession Planning. Thus, Hypothesis 4 is supported at the 5% alpha level.

H5: There is a positive significant relationship between Tradition affecting Succession

The relationship between Tradition and Succession has a p-value of 0.00 (below 0.05) and a path coefficient of 0.25 (positive), indicating a significant positive impact of Tradition on Succession. Therefore, Hypothesis 5 is supported at the 5% alpha level.

Hypotheses	Relation	Indirect Effect	p-value	Conclusion
H6	Tradition → Succession Planning → Succession	0.09	0.00	**
H7	Collectivism → Succession Planning → Succession	0.08	0.00	**

Table 4.9 Hypotheses testing of mediation effects

a. ** significant at 5% alpha; * significant at 10% alpha

b. Hypotheses 6-7 will be accepted if the p-value is below the alpha value

H6: There is a positive significant relationship between Collectivism affecting Succession Mediated by Succession Planning

The mediating effect of Succession Planning on the relationship between Tradition and Succession has a p-value of 0.00 (below 0.05), indicating that there is a mediating effect of Succession Planning on the relationship between Tradition and Succession. Therefore, Hypothesis 6 is accepted at the 5% alpha level.

H7: There is a positive significant relationship between Tradition affecting Succession Mediated by Succession Planning

The mediating effect of Succession Planning on the relationship between Collectivism and Succession has a p-value of 0.00 (below 0.05), indicating that there is a mediating effect of Succession Planning on the relationship between

Collectivism and Succession. Therefore, Hypothesis 7 is accepted at the 5% alpha level.

Relation	Direct Effect	Indirect Effect	Total Effect	VAF (%)	Mediation Type
Succession Planning → Succession	0.26		0.26		
Collectivism → Succession	0.13	0.08	0.21		Partial
Collectivism → Succession Planning	0,31		0.31		
Tradition → Succession Planning	0.35		0.35		
Tradition → Succession	0.25	0.09	0.34		Partial

Table 4.10 Direct, Indirect, and Total Effect

The data assessment reveals the mediation effects of succession planning, the data suggests a mix of full and partial mediation in the relationship between tradition, collectivism, and succession outcomes. Succession planning serves as a strategic process that helps navigate the influence of tradition and collectivism on succession, mediating the relationship between these cultural values and business outcomes. While succession planning may fully mediate certain aspects of tradition and collectivism on succession, it may only partially mediate other factors, indicating the complexity of cultural influences on succession dynamics. Overall, the data assessment underscores the importance of understanding the cultural nuances and family dynamics within Indonesian family businesses to develop effective succession strategies. By recognizing the mediating role of succession planning in balancing tradition, collectivism, and business outcomes, family businesses can navigate succession challenges effectively and ensure

long-term viability and success in the Indonesian business landscape. The VAF (Variance Accounted For) value is used to evaluate the type of mediation relationship. Here is the formula for the VAF value:

$$VAF = \frac{\text{Indirect Effect}}{\text{Total Effect}} \times 100\%$$

Hypotheses	Conclusion	Result
H1	**	Accepted
H2	*	Accepted
H3	**	Accepted
H4	**	Accepted
H5	**	Accepted
H6	**	Accepted
H7	**	Accepted

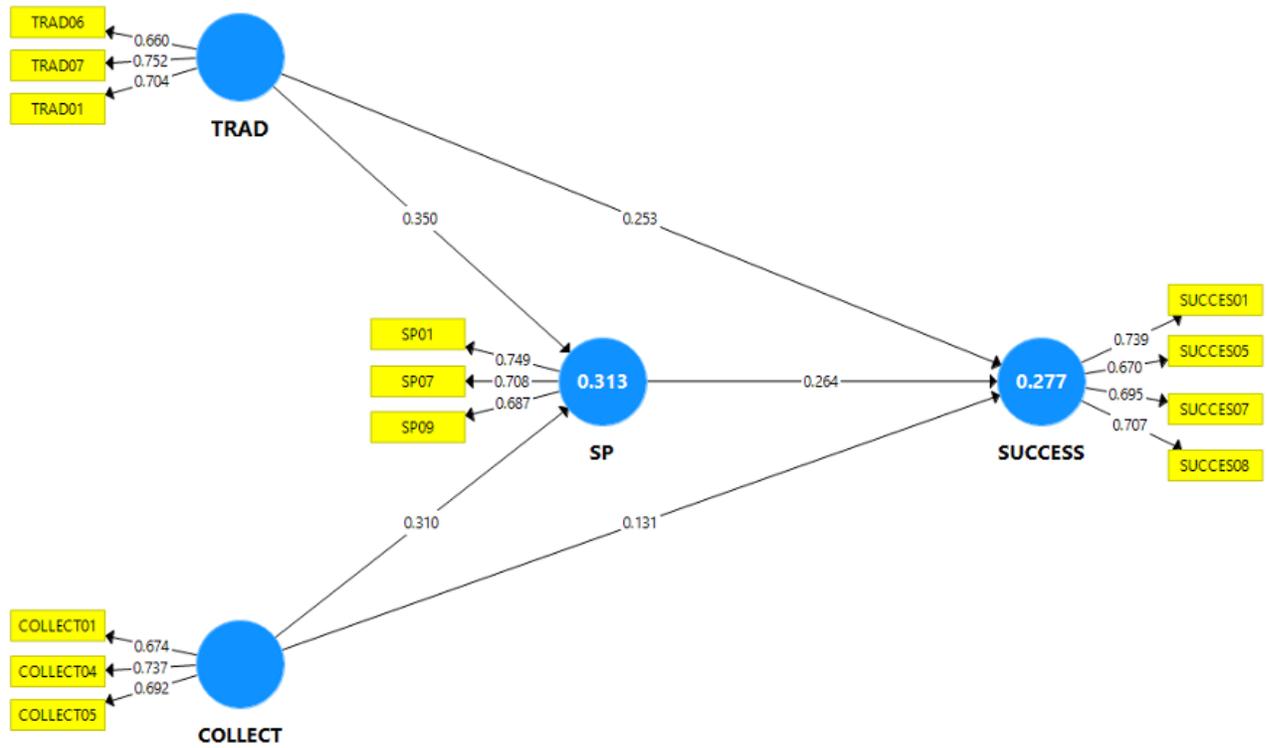
Table 4.11 Hypotheses Conclusion Result

Hypotheses	Relation	Equation
H1	Succession Planning → Succession	$Y(\text{Succession}) = 0.26(\text{Succession Planning})$
H2	Collectivism → Succession	$Y(\text{Succession}) = 0.31(\text{Collectivism})$

H3	Collectivism → Succession Planning	Y(Succession Planning)=0.31(Collectivism)
H4	Tradition → Succession Planning	Y(Succession Planning)=0.35(Tradition)
H5	Tradition → Succession	Y(Succession)=0.25(Tradition)
H6	Tradition → Succession Planning → Succession	Y(Succession) = 0.25(Tradition) + 0.09(Tradition*Succession Planning)
H7	Collectivism → Succession Planning → Succession	Y(Succession) = 0.13(Collectivism) + 0.08(Collectivism*Succession Planning)

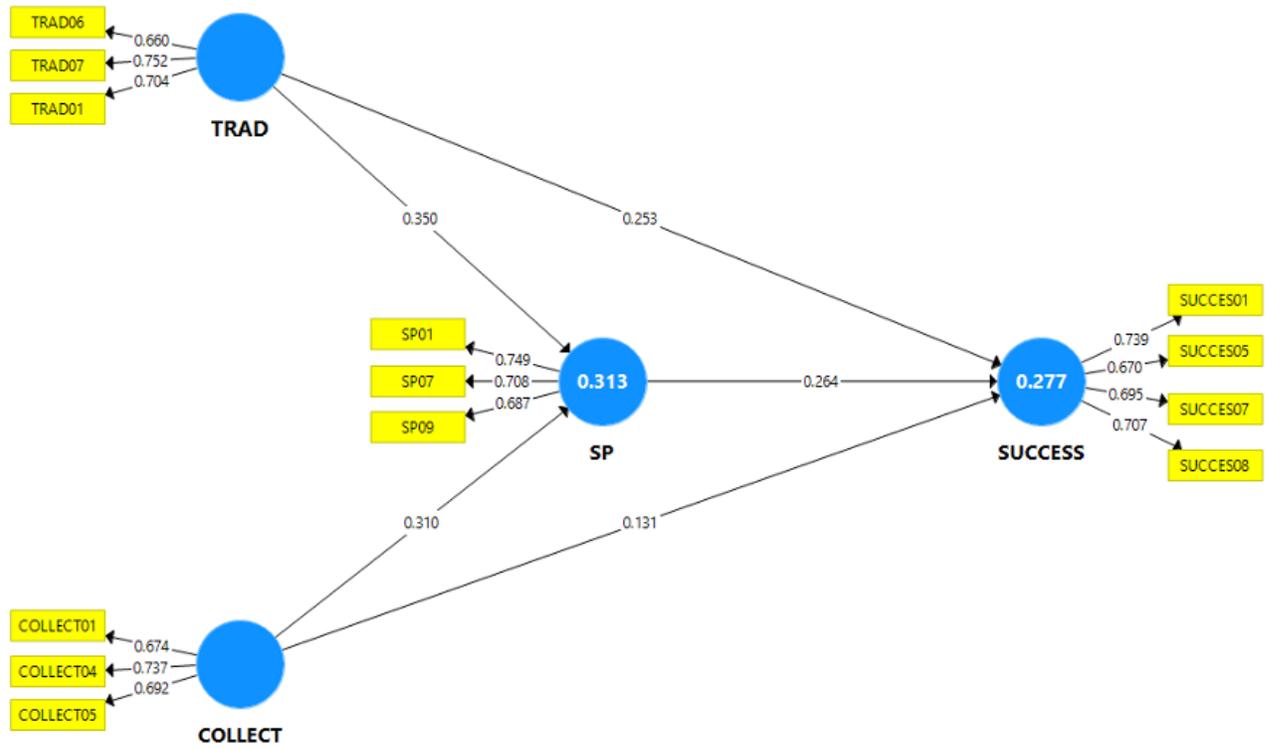
Table 4.12 Equation Result

Figure 4.1 LISREL Output Chart for SEM Model (standard loading)



CHAPTER 5

DISCUSSION & CONCLUSION



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5.1. Conclusion

The study found that most family businesses in the collected data encompass 6-10 members, and actively, 3-5 members are implicated in quotidian operations, while the others just acquiesce in a passive mode, the examination unearthed. All responsibilities indicate management, even half of the passive members are enmeshed in that. A whirlwind evaluation of the convention, teamwork, and blueprints for the future revealed substantial support for discord. But at this juncture, the proclamation submitted is signifying that concepts from the realm of social science do possess some believability, but just within a 10% error allowance. And, the quantum of impact reported just happens to reside within this threshold of perceptible error, so it's genuinely quantifiably bona fide. In the instance of Indonesia, these outsiders divergent from the family group might be initiating a bewildering scenario, with not-so-pellucid concepts up for grabs concerning helpful heritages and resolutions for managing discord. Then, the proxy-documentation achievement rate is 75%, not 25% as the report infers. When you congregate the reports from each comprehensive chapter, the overarching narrative is of interconnectedness and significance, such as contriving for the forthcoming family configuration, labouring cohesively in a family, and the rootedness in the antecedent layer or Tradition. In order for individuals to converse and design effectively for the future, the report even emphasizes the requirement of interaction, be it through obtaining formal education elsewhere or accumulating work experience, all outside their closest interior circles. In conclusion, the study by Bąkiewicz (2020) highlights a significant gap in the exploration of internal family factors, such as tradition and collectivism, which are crucial in the succession process within family businesses

Hypothesis 1: Succession Planning has a significant positive impact on Succession.

The inspection results demonstrably affirm Hypothesis 1. The implementation of operative succession design strategies is a tangible reality. This demonstrably influences the succession process, notably within the ambit of family-owned enterprises. The formulation and meticulous consideration of a well-defined line of succession is paramount for the perpetuity of family businesses. This comprehensive approach facilitates a seamless transition of leadership and proprietorship from one generation to the next. The research unequivocally underscores the significance of proactive planning as a pivotal element in ensuring operational continuity. Moreover, the findings irrefutably establish the essentiality of such planning in sustaining and perpetuating family businesses uninterrupted over an extended timeframe.

Hypothesis 2 : Collectivism has a significant positive impact on Succession.

The exploration postulates a favorable relationship between achieving success and maintaining oversight of lineage in the familial enterprise. The primary emphasis rests on unity and shared principles, which serves as an indicator of collectivism. This revelation proves to be significant. Solidarity amidst family members and commercial intertwinement is paramount. This revelation implies that fostering a sense of continuity and a sentiment of unity can elevate the mindset of the kinship, originating from a collectivistic perspective. The supposition is that, akin to a clan of individuals spanning diverse generations, effective transmission of responsibilities and leadership can facilitate the preservation of the commercial heritage across successive generations of kinship. The association between this and the consequence is

not readily apparent, as it is less tangible and carries somewhat ambiguous ramifications. It is challenging to ascertain with absolute certainty, though there may exist certain commonalities in the cognitive process and interaction dynamics, which can constitute an arsenal of unity in thought, aiding in the transition of leadership roles when the family business embarks upon a new chapter of management by the subsequent age cohort. The concepts possess a degree of fluidity.

Hypothesis 3: Collectivism has a significant positive impact on Succession Planning.

Postulation discovers verification in inquiry on group-mindedness and inheritance preparation in familial ventures. A concentration on group-mindedness incites teamwork among family individuals in judgment-shaping and energizes an unconfined vision, gazing toward an effective and radiant commercial enterprise hereafter. Essential synchronization is additionally supported, as it acquires the individuals more adjusted, directing them deeper to successful inheritance procedures that are more supportable. This addresses various partners with divergent desires and specifications successfully in those procedures. Transmission and collaboration are prioritized. An illustration of a generously esteemed enterprise that struggled with inheritance procedure is the universal commercial space. Absence of association among the familial individuals was a fundamental cause driving behind it. Reluctance to share communal visions droved toward an inadequacy of an integrated front. These extensive elements appear to be coupled to the idea of group-mindedness and inheritance preparation in familial ventures, though the combination is not completely smooth.

Hypothesis 4: Tradition has a significant positive impact on Succession Planning.

A striking connection resonates, unfolding between enterprises established in family backgrounds and a commitment to custom concerning the planning of lineage. Custom, this encompassing being formed of a civilization's principles, standards, and echoes of historical record, not only enlightens but also wields its force on the process of planning lineage. Ingrained with customary practices and the upkeep of such belief structures, these family-directed entities -- businesses as they are -- hold within them a varied tapestry of inheritance. It is this very inheritance which concurrently moulds and directs the intricate efforts in the undertaking of lineage planning. And the enduring fact: a gentle shift happens -- a transition with seamless qualities arises, an offspring budding from the trunk of that more mature tree. This transition is not only smooth but also deferential in nature, deferential towards the family inheritance and its legacy.

Hypothesis 5: Tradition has a significant positive impact on Succession.

The findings confirm that Tradition influences the overall success of the succession process within family businesses. By embracing and upholding traditional values, customs, and practices, family enterprises can instill a sense of continuity, identity, and purpose in the succession journey. This alignment with tradition not only strengthens familial bonds and cohesion but also enhances the resilience and longevity of the business across generations, ensuring a successful and sustainable transition of leadership and ownership.

Hypothesis 6: Succession Planning mediates the relationship between Tradition and Succession.

The exploration from the work demonstrates that, according to Hypothesis 6, the intervening function of Succession Planning in Tradition's impact within the Family Business should not be disregarded. Legacy and Succession form a connection, marking a passageway from earlier times, built through instances of conventional practices, beliefs, and values made part of this planning process known as succession. Succession Planning is now seen as a process that ascends through an unbroken axis, with these conventional values becoming tactics that can be acted upon. These tactics also help to mitigate the ownership and leadership passage to new hands, a process that carries along the legacies and heritages of the family business and deems them in high regard.

Hypothesis 7: Succession Planning mediates the relationship between Collectivism and Succession.

Findings from the study, they validate the role of Succession Planning as mediator, this happening in the family business context of Succession and Collectivism. Collectivism, the existence of having shared values, unity and cooperation within a family, influence, shapes the developmental pattern of execution and development related strategy in planning succession. Becomes a Conventional Conduit, Succession Planning: it helps to finalise integrating of colossus family expectations and values into inheritance scheming. Making certain alignment and agreement within family members: so imperative. The effectiveness, therefore its' enhancing. The sustainability connected also enhanced. By adding this mediation process into the undertaking of succession. Properly and smoothly undertaken hence an incentive.

Inheritance is executed smoothly. As an outcome, the enterprise of family reflecting continuity within the collective Generational Post Leading. There's identity resting into the hands; reflection this also a vision. This discovery is not fully linear. But a line of reflection is marginally represented.

5.2. Objective and Importance

Succession planning and its significance, in Indonesian family-owned enterprises, were put under the microscope, focusing on two key aspects; tradition and collectivism. The primary objectives of the study were:

Objective 1: to identify the factor which are important for how Collectivism and Tradition affecting Succession Planning outcomes in Indonesian family businesses.

Objective 2: to identify the factor of Succession Planning and their effect on family business post succession.

Crucially, research the highlighting of dynamics in succession planning within Indonesia's unique cultural context, significant roles of collectivism and tradition are played. The identifying of essential factors by the study, these factors include their impacts on family businesses, valuable insights they provide for effective succession strategies which in turn, business stability and growth are promoted over generations. Preventing potential conflicts, performance enhancement and future security of family businesses in Indonesia are being ensured by a smooth succession process. Information on family business succession in Indonesia is still scarce, lacking in fact. However, how does Indonesia's collectivist culture influence family business succession, thus ensuring sustainability for the coming generation, for instance? Yet another point to consider is conflict resolution during succession

period was, it must be planned carefully; it can have remarkable influences on the entire business's performance. Should the management is uninformed chaos can ensue, A ripple effect leading to confusion and uncertainty as well among managerial ranks about the business's direction.

5.3. Theoretical Implication

Reflecting on the essence of existence as shaped by conventions and the adaptation process, a profound question emerges: does this withstand escalating influences over time? The path is not straightforward. Inheritance and succession within family businesses are complex, with diverse change-taming techniques and numerous potential answers. Amidst this complexity, we may catch glimpses of coherence in essential components of family dynamics, particularly in the intricate context of Indonesian family businesses.

Core Assertions

Inheritance as Organizational Figures:

Succession in family businesses is not just about handing over control but involves a nuanced understanding of family traditions and collective values which significantly influence succession outcomes.

Exploring Parenting Styles and Tradition:

The critical role of parenting styles in shaping successors cannot be overstated. Parenting styles and family traditions dictate how potential successors are groomed, influencing their leadership styles and conflict resolution skills.

Investigating these family-related variables may reveal essential insights into succession planning effectiveness and harmony in family businesses.

Global and Cultural Comparatives:

Comparative research extending beyond Indonesia to countries with varying cultural contexts, such as Poland, Malaysia, UAE, and Saudi Arabia, can shed light on how different traditions and family structures impact succession in family businesses.

These comparative studies can inspire new theoretical frameworks that move beyond linear explanations and embrace the complex, multi-faceted nature of family business succession.

Theoretical Frameworks and Perspectives

Agency Theory:

Explores the relationship between family members (principals) and managers (agents), highlighting potential conflicts in family businesses.

Provides insights into how familial ties and trust influence governance structures and decision-making processes.

Stewardship Theory:

Suggests that family members act as stewards of the family business, prioritizing long-term success and socioemotional wealth over short-term gains.

Emphasizes the importance of collective family values and altruism in guiding business decisions.

Socioemotional Wealth Perspective:

Focuses on non-financial aspects that family members seek to preserve, such as family legacy, reputation, and emotional attachment to the business.

Examines how these factors influence succession planning and overall business strategies.

Forward-Looking Insights

Impact of Family Involvement:

Family involvement brings unique dynamics to business operations, impacting succession planning and conflict resolution.

Future research should explore how different levels of family involvement correlate with business performance and succession outcomes.

Succession Planning:

Effective succession planning requires understanding both individual and collective family influences, including parenting styles and traditions.

Research should delve into the specific roles of family members and their preparedness for leadership transitions.

Socio-Cultural Factors:

Investigating the interplay between socio-cultural factors and family business operations can offer a richer understanding of governance and sustainability.

Comparative studies in diverse geographical contexts can contribute to the development of universally applicable frameworks.

Encouraging New Frameworks

The insights gained from investigating family traditions, parenting styles, and collectivist values may inspire new theoretical frameworks.

These frameworks should embrace the complexity and non-linearity of family business succession, offering innovative perspectives for both research and practice.

Overall, the theoretical implications of this study advocate for a deeper exploration of the interplay between family dynamics, cultural influences, and business operations. By applying and expanding current theoretical frameworks, researchers and practitioners can gain a more comprehensive understanding of the unique challenges and opportunities faced by family businesses, ultimately contributing to the advancement of family business studies.

5.4. Practical Implication

Harnessing future research alongside the study's findings could significantly advance the evolution of family business succession. The influences of tradition, collectivism, and succession planning on this process are critical and must not be underestimated. These findings form a valuable toolkit for facilitating smoother transitions and raising awareness about the complexities involved.

Toolkit Elements:

Understanding Tradition and Collectivism:

Influence Assessment: Recognize and evaluate the deeper influence of traditional family values and collectivism principles on succession planning.

Cultural Alignment: Craft succession plans that are in harmony with Indonesia's collectivist culture, ensuring alignment with family traditions and collective values.

Comprehensive Succession Planning:

Behavioral Insights: Leverage insights about family behavioral dynamics to anticipate potential disruptions and prepare for smoother transitions.

Legal and Remuneration Considerations: Pay due attention to legal conformity and appropriate remuneration practices to navigate the complexities posed by established legal frameworks.

Cause and Effect Relationships: Utilize the observed cause and effect from questionnaire responses to explore individual behaviors and refine succession strategies accordingly.

Facilitating Smooth Transitions:

Consultant Guidance: Equip consultants with knowledge derived from the study, allowing them to better guide family-owned businesses through the succession process with a keen understanding of underlying behavioral dynamics.

Disruptive Interventions: Utilize the findings as a disruptive intervention to challenge existing flawed succession plans and promote more seamless transitions.

Data-Driven Decision Making:

Data Synthesis: Extract valuable insights from collected data, addressing problems and offering solutions that mitigate the challenges faced during the succession process.

Knowledge Leveraging: Treat the insights gained as a symbolic treasure. Just like miners, business owners should continuously excavate and leverage this knowledge to enhance their succession plans.

Hofstede's Dimensions Application:

Cultural Dimensions Consideration: Integrate Hofstede's cultural dimensions to deepen understanding and application of cultural nuances within succession planning processes, further illuminating potential areas for improvement.

By incorporating these elements into their strategic toolkit, business owners can develop sound succession plans that resonate with the collectivist culture of Indonesia. This, in turn, aids in the creation of effective, harmonious, and culturally aligned succession strategies, ultimately supporting the sustainable growth and longevity of family businesses.

5.5. Limitation and Future Suggestion

In conclusion, this study addressed two primary objectives: first, to identify the factors essential for understanding how collectivism and tradition influence succession planning outcomes in Indonesian family businesses; and second, to determine the factors of succession planning and their effects on family businesses post-succession. Despite the constraints of a limited sample size of 200 respondents due to temporal limitations, this research successfully established an exploratory foundation. The findings indicate that collectivism and traditional family values are critical in succession planning, though a comprehensive portrait of succession remains somewhat indistinct due to the sample size.

Importance of Collectivism and Tradition

The study revealed that both collectivism and traditional family values significantly impact the succession process in family businesses. Collectivism, which is central to Indonesian culture, emphasizes the importance of group harmony, mutual support, and shared responsibilities. When these principles are embedded in the succession planning process, they help ensure a smoother and more harmonious transition. Traditional family values further reinforce collectivist principles, emphasizing respect for elders, the importance of family legacy, and the duty of each family member to contribute to the family's ongoing success.

Implications for Succession Planning

The research highlights the importance of integrating collectivism and traditional values into succession planning strategies. Family businesses that consciously embed these principles into their succession plans are likely to navigate the transition more successfully, maintaining family harmony and business continuity. However, the limited sample size underscores the need for further research to deeply investigate these internal family factors, assessing their broader applicability across different contexts and scales.

Legal Conformity and Remuneration Practices

The study also underscores the importance of legal conformity and appropriate remuneration practices in effective succession planning. Navigating the legal complexities associated with succession requires a thorough understanding of established legal frameworks. In Indonesia, as in many other countries, legal frameworks concerning succession can be intricate and multifaceted. Ensuring legal compliance not only prevents potential conflicts and litigations but also upholds the legitimacy and fairness of the succession process.

Appropriate remuneration practices are equally critical. Fair and transparent compensation systems are vital for maintaining trust and morale within the business. They ensure that both outgoing and incoming leaders feel adequately rewarded and respected for their contributions. The complexity of remuneration practices often stems from the need to balance traditional values with modern business principles, a challenge that necessitates careful consideration and planning.

Cause and Effect Relationships

The questionnaire responses in the study reveal significant cause and effect relationships, providing valuable insights into individual respondent behaviors. These insights contribute to a nuanced understanding of the dynamics within family businesses during succession. For instance, how family members perceive their roles and responsibilities, their expectations, and their commitment to the business can all impact the success of succession planning. Understanding these behaviors enables businesses to address potential issues proactively, creating tailored strategies that resonate with individual and collective family dynamics.

Future Research Directions

Given the exploratory nature of this study, future research should focus on a more extensive exploration of the identified areas. In particular, there is a need to delve deeper into the integration of collectivism principles and traditional values within succession planning. Researchers should aim to understand how these cultural factors interact with modern business practices and how they can be effectively incorporated to enhance succession outcomes.

Further investigation into legal and remunerative aspects is also crucial. As legal frameworks evolve and business environments become more complex, continuous research is needed to develop adaptable and robust succession planning strategies. This includes exploring how different legal systems impact succession planning in family businesses and identifying best practices for remuneration that align with both traditional values and contemporary business needs.

In summary, this study has laid an important foundation for understanding the critical factors influencing succession planning in Indonesian family businesses. While the limited sample size leaves room for further exploration, the insights gained underscore the significant role of collectivism and traditional family values, as well as the necessity of legal and remunerative considerations. Future research should build on these findings, seeking to provide more comprehensive and actionable insights that can support the sustainable success of family businesses through effective succession planning. By doing so, we can ensure that family businesses not only survive but thrive across generations, preserving their legacy and contributing to the broader economy.