

# Analysis of Successor Readiness and Family Support on Corporate Performance Through the Leadership Succession Process as an Intervening Variable at Bentani Hotel, Cirebon

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## Abstract

Effective leadership is closely linked to a sustainable leadership succession process. A well-planned succession process ensures that potential leaders have the knowledge and skills necessary to lead the company in the future. This study aims to analyze the leadership succession process and its impact on corporate performance at Bentani Hotel Cirebon, focusing on the role of Successor Readiness and Family Support. This research employs a quantitative approach and the Structural Equation Model (SEM-PLS) analysis method using SmartPLS 3.0, with questionnaires distributed to Bentani Hotel employees. The sample size is 105 respondents selected through Purposive Sampling. The results show that the leadership succession process is shaped by two key factors: family support and successor readiness. These elements can be viewed through two interconnected perspectives: Family Support (Social Factor) – The success and legitimacy of the succession process largely depend on the collective backing of the family. Successor Readiness (Individual Factor) – The successor's expertise, skills, and leadership abilities play a crucial role in the transition's success. By integrating these perspectives, a more comprehensive approach can be established, ensuring a balance between social and individual factors for a seamless leadership transition in family businesses.

**Keywords:** successor readiness, family support, succession process, corporate performance

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## 1. Introduction

Family businesses play a vital role in the global economy, with estimates suggesting that 90% to 98% of SMEs (Small and Medium Enterprises) in both developed and developing nations are family-run (Inter-American Development Bank, United Nations, & Organization of American States, 2011). These businesses are essential to the economic and social development of their respective countries, as they generate a significant portion of the wealth in national and global economies.

In Indonesia, a 2015 survey by PricewaterhouseCoopers (PwC), one of the world's leading accounting firms, revealed that over 95% of businesses in the country are family-owned. Similarly, in Southeast Asia, approximately 60% of publicly listed companies are family businesses, with leadership succession being a key area of focus. In industries such as tourism and hospitality, family businesses play a critical role in providing competitive services. However, these businesses often encounter sustainability challenges, particularly during leadership transitions between generations. Ineffective succession planning can result in operational disruptions, reduced performance, and even business failure (Le Breton-Miller et al., 2015).

Continuity is a central concern for family businesses. (Brenkman, 2020) highlights that successful succession planning is vital for their longevity. Regular evaluation of succession processes can facilitate smooth generational transitions with minimal conflict. Successors who possess the required competencies, a thorough understanding of the business, and strong family support are more likely to ensure stability and enhance corporate performance. Family support not only provides emotional reassurance but also reinforces the successor's legitimacy and authority (Garcia et al., 2019).

In the Indonesian context, research by (Pane et al., 2023) underscores that family business succession is shaped by factors such as family dynamics, organizational culture, and the expertise and experience of family members. Therefore, a tailored knowledge management model for succession should consider these unique attributes to align strategies with the specific needs of family businesses in Indonesia.

Bentani Hotel, a family-owned enterprise in Cirebon, faces similar challenges in navigating a highly competitive market. Ensuring sustainability and maintaining high performance require a strategic and well-executed succession plan. This study aims to examine the impact of successor readiness and family support on corporate performance through leadership succession. It seeks to provide practical and academic insights into family business operations, particularly in the hospitality sector, while emphasizing the importance of investing in successor development and fostering active family involvement. Ultimately, these factors are critical for achieving long-term corporate success and sustainability.

## 2. Literature Review

### 1. Succession

The hotel industry must prioritize an essential aspect for long-term sustainability: the succession process. Succession planning is fundamental to ensuring the continuity of a company. As (Sudiro, 2011) explains, "Succession planning is the process of anticipating future managerial staffing needs and creating plans for their development." Similarly, (Atwood, 2007) describes it as "having the right people in the right place at the right time," emphasizing the importance of identifying and developing future leaders within an organization to prepare them for leadership roles.

(Morris et al., as cited in Hadi and Mustamu, 2015) outline two critical dimensions of the succession process: (1) the readiness of the successor candidate and (2) family relationships. The readiness dimension involves key indicators to evaluate a candidate's preparedness, such as: (a) educational qualifications, (b) work experience, (c) training completed, and (d) motivation and personal development.

The family relations dimension focuses on aspects such as: (a) communication strategies, (b) trust-building, and (c) managing family conflicts.

Effective succession management is vital to maintaining and enhancing a company's performance following leadership transitions. (Martini, 2018) warns that poorly executed leadership succession can significantly hinder a company's progress, highlighting the critical nature of proper planning. (Aronoff, as cited by Halim, 2013) views succession as a long-term planning process designed to ensure business continuity across generations. This perspective underscores the need for sufficient time to identify and prepare qualified successors, guaranteeing the organization's sustainability over time.

Leadership development is also integral to successful succession planning. (Maxwell, 2018) emphasizes that leadership is about seizing and maximizing opportunities: "If you've never done anything to develop yourself as a leader, you can start today. And if you have already begun your leadership journey, you can become a better leader than you already are by intentionally developing the leader within you." This proactive approach to leadership development ensures a strong foundation for guiding organizations through generational transitions.

### 2. Successor

A successor is, in essence, a prospective heir tasked with continuing the company's legacy. Their skills and competencies play a crucial role in determining the success or failure of the business. As noted by (Sudiro, 2011), successor recruitment can be sourced either internally or externally. Internal recruitment involves identifying candidates from within the company, while external recruitment seeks individuals from outside the organization. Although external recruitment offers advantages such as immediate professional readiness, it often requires more time for the successor to adapt to the company's culture and strategic direction.

(Fishman, 2009) emphasizes two key values in the successor selection process:

**Communicative:** Highlighting the need for open, early communication about succession plans with family members and stakeholders while being attuned to their responses.

**Objective:** Stressing that business leaders in family enterprises should base their choice of a successor on objective criteria critical to the business's effective operation.

In family businesses, the interplay between family dynamics and entrepreneurial attitudes often shapes the successor's development. (Miroshnychenko et al., 2020) observe that a successor's entrepreneurial mindset is significantly influenced by their family. A child's decision to take on the role of successor is typically driven by factors such as motivation, beliefs, support, trust, and parental guidance. Parents, aiming to preserve the family business, often encourage their children to assume leadership roles, ensuring the company remains within capable hands.

(Kurniawan et al., 2016) further explain that becoming a successor stems from a combination of internal and external factors. Internal drivers include a person's attitude, motivation, personality traits, and willingness to embrace entrepreneurship, while external influences encompass family support, the surrounding business environment, physical conditions, and socioeconomic status.

One of the primary motivators for a successor to continue the family business is their level of motivation and readiness to shoulder the responsibility (Wiryakusuma, 2020). Highly motivated successors typically contribute positively to the growth and long-term success of the family enterprise, underscoring the importance of fostering both interest and preparation in potential heirs

### 3. Family Support

According to (Kidwell et al., as cited in Azhari, 2021), a business is classified as a family business when family members actively participate in its management and provide resources essential for its continuity and success. This definition highlights that a family business is operated and managed by multiple family members who share the collective goal of achieving business succession. (Dyer and Handler, 1994) stress that succession is a crucial element for ensuring the sustainability of family businesses. The transfer of leadership from the founding generation to the next significantly influences the business's performance and growth (Martini, 2018). Key indicators of successful family business succession include trust in the successor, alignment of vision and mission between the business owner and the successor, family support, and the successor's commitment and interest.

Various studies have examined the definitions and characteristics of family businesses from diverse perspectives. (Diéguez-Soto et al., 2015) observe that the definition of a family business lacks uniformity, as it can be analyzed through criteria such as ownership, control, board composition, management, recognition within the organization, cross-generational succession, multi-generational involvement, and the values linking the family to the business. A notable distinction between family and non-family businesses lies in the relationship with subsequent generations. Research by (Aronoff and Ward, 1995) and (Walsh, 2011) reveals that approximately 70% of family businesses fail to transition to the second generation, and 90% do not survive to the third. (Motwani et al., 2006) underscore the importance of succession planning, communication, and training as critical factors for family business success, regardless of size. Additionally, studies indicate that 85% of family business owners need to provide clear and comprehensive education to their successors.

Family businesses often engage at least two generations in production and management activities, with the second generation influencing company policies (Setiawan & Susanto, 2018). Characteristics of family businesses include more than 50% of shares being owned by a single family, management primarily conducted by family members, and the majority of shareholders belonging to the family (Bizri, 2016). Furthermore, family businesses can be categorized based on aspects such as ownership, governance, board structure, management, internal recognition, cross-generational succession, involvement of multiple generations, and the core values that integrate family dynamics with business operations (Diéguez-Soto et al., 2015).

### 4. Company Performance

Company performance represents the overall condition and achievements of a company over a specific period, reflecting the results of its operational activities and resource utilization. (M. Abdullah, 2014) describes company performance as a measure of success in executing programs, activities, or policies aligned with the organization's goals, objectives, vision, and mission as outlined in its strategic plan. Similarly, (Moerdiyanto, 2010) defines company performance as the outcome of business processes that involve utilizing various resources, such as human and financial resources. Improved company performance is often demonstrated by increased business activities focused on maximizing profits, with variations depending on the company's size.

(Daft, as cited in Nathania et al., 2017) characterizes company performance as an organization's ability to achieve its goals through the efficient and effective use of resources. Financial condition analysis, often referred to as financial performance, forms a significant component of overall company performance (Nathania and Josua, 2017). According to (Martsila and Meiranto, 2013), financial performance serves as a tool to assess a manager's effectiveness in running the company and achieving organizational objectives. This performance is typically reflected in financial statements, which demonstrate how well the company fulfills the expectations of its stakeholders. Financial ratio analysis is commonly used to evaluate management's success in meeting these objectives.

(Muslich, 2013) explains that financial performance is evident in financial statements such as the income statement, highlighting key indicators like operating income. Profitability, a critical measure, is determined by relating the profits generated from the company's core operations to the assets employed. (Riyanto, 2011) adds that a company's financial capacity reflects its cash flow and overall financial health. Assessing financial performance is essential for managers to develop future strategies and policies. This evaluation can involve comparing performance across different periods or against industry standards, depending on the specific needs and characteristics of the company.

### 5. Previous Researchers

**Genefaith Grace Augi, Roby Sambung, Olivia Winda Ony Panjaitan (2020):** This study found that the

democratic leadership style (X) positively and significantly impacts employee performance (Y) at PT Telkom Indonesia Palangka Raya. Additionally, motivation (Z) serves as a moderating factor, enhancing the relationship between democratic leadership style (X) and employee performance (Y). This indicates that motivation strengthens the influence of democratic leadership on employee performance at the organization.

**Wahyudi Henky Soeparto (2019):** The study concluded that the readiness of successors has a positive and significant impact on the performance of family businesses. Furthermore, the relationships between family members and their involvement in the business also positively and significantly affect family business performance.

Family businesses must prioritize preparing potential successors to ensure business continuity. A critical challenge for these businesses lies in managing the interconnected dynamics of family and business relationships. Maintaining strong family bonds is essential for sustaining the performance and stability of the family business.

**I Wayan Darsana, I GPB. Sasrawan Mananda (2022):** Effective and early preparation for leadership succession is vital for family businesses to prevent failures in leadership transitions. The study highlights seven common issues associated with family businesses and succession planning: (1). Lack of professionalism within family businesses. (2). Failure to separate personal and business finances. (3). Inability to establish and implement proper systems and procedures. (4). Key positions being restricted to family members. (5). Greater focus on fostering close relationships with the owner rather than performance. (6). The tendency for family businesses to fail beyond the second generation. (7). Neglecting human resources as valuable assets in family businesses.

### 3. Research Method

This research adopts a quantitative approach and was conducted over a five-month, from March to July 2024, at Bentani Hotel and Residence, located at Jl. Siliwangi No. 69, Cirebon. The study's population comprised all 105 employees of Bentani Hotel and Residence. The sampling technique employed was non-probability sampling with a purposive sampling method. This approach involves selecting samples based on specific criteria aligned with the research objectives to determine the appropriate sample size for the study. Direct Data Collection:

**Observation:** The researcher directly observed the study subject, analyzing various aspects and phenomena surrounding the research topic to gain insights into relevant facts and conditions (Sugiyono, 2019).

**Questionnaire:** A set of written questions or statements was provided to respondents for data collection. This technique aimed to explore the variables under investigation and collect responses aligned with the research objectives (Sugiyono, 2019). The questionnaire comprised two types of questions: **Open-ended questions** focusing on respondent identity. **Closed-ended questions** where respondents chose from predefined alternatives. The questionnaire was distributed to potential successors via a google form link. Indirect Data Collection: This data was obtained by reviewing literature relevant to the research topic, including books, scientific journals, and publications available in libraries. These sources provided valuable insights and inputs for the study.

### 4. Result and Discussion

#### Statistical Overview of Respondents

The study gathered data from 105 participants, comprising 87 males (82.9%) and 18 females (17.1%). This gender imbalance suggests that the sample does not fully represent the broader population, which might have a more equal gender distribution. Such an imbalance could diminish the external validity of the findings. This aligns with the conclusions of (Cislak, A., et al, 2018), who noted that a predominance of males in a sample may lead to gender bias in research outcomes. Differences in experiences, perceptions, and leadership styles between men and women may result in findings that do not adequately reflect women's perspectives and experiences.

This gender disparity may also constrain the study's ability to capture leadership dynamics that are more applicable to gender-diverse environments. A more balanced representation of genders within the sample would enhance the study's representativeness and validity.

Regarding age distribution, the respondents range from 25 to 52 years old. The largest age group consists of individuals aged 31–40 years, accounting for 37 participants (35.3%), followed closely by those aged 25–30 years, who make up 34.3% of the sample.

#### Data Processing Method

In this study, the researcher used the SEM-PLS. The Partial Least Square (PLS) method is a Structural Equation Modeling (SEM) approach that focuses on components or variance. PLS offers an alternative approach, shifting from covariance-based SEM methods to variance-based methods. The data analysis method employed is

Structural Equation Modeling (SEM), which can analyze variables that are difficult to measure while accounting for measurement error (Sholihin & Ratmono, 2021). The model applied in this analysis utilizes path analysis to identify patterns of relationships between variables and to measure both direct and indirect effects (Sugiyono, 2019).

## Validity and Reliability

**Table 1.**  
Validity and Reliability

Indicators	Outer Loading	Cronbach Alpha	AVE	R2
X1.1 Learning and Development	0,804	0,936	0,661	
X1.4 Working Experience	0,837			
X1.7 Loyalty to the Company	0,832			
X2.1 Family Involvement in the Company	0,823	0,937	0,697	
X2.5 Family Interaction	0,861			
X2.9 Family Value and Culture	0,741			
Z Leadership Succession	0,893	0,764	0,802	0,689
Y Company Performance	0,831	0,877	0,680	0,689

Model modifications were made by removing indicators with loading factor values below 0.7. The modified model, as shown in Table 1, indicates that all loading factors have values above 0.7, meaning no constructs from any variables need to be eliminated from the model. Therefore, it can be concluded that the constructs meet the criteria for convergent validity. The Cronbach's Alpha method is a measure of the reliability or internal consistency of a set of items or indicators within a construct. This value is used to evaluate the extent to which the indicators in a variable consistently measure the same concept. According to (Sugiyono, 2015), an instrument is considered reliable if the value is  $> 0.6$ . This indicates that if the value for a construct is  $> 0.6$ , the items within that construct are considered to have adequate consistency in measuring the intended concept. Successor Readiness variable  $0.661 > 0.5$  (valid), Family Support  $0.697 > 0.5$  (valid), Leadership Succession  $0.802 > 0.5$  (valid), Company Performance  $0.680 > 0.5$  (valid). This shows that all AVE values for each variable are  $> 0.5$ , indicating they are valid and meet the criteria, allowing the research to continue. R-Square value for (Z) is 0.689, indicating that the model is quite good. This result shows that the variable X can explain 68.9% of the variance in variable Z, and the remaining 31.1% is determined by other factors not covered in this study. Meanwhile, the R-Square value for (Y) is 0.689, which also shows that the model is quite good. This result shows that variable X can explain 68.9% of the variance in variable Y, and the remaining 31.1% is determined by other factors not covered in this study.

The Effect Size (F-Square) value provides information on how significant and strong the influence of the independent variable is on the dependent variable. The larger the Effect Size (F-Square) value, the greater the impact of the independent variable on changes in the dependent variable within the research model. It falls into the small category if the value is 0.02, the medium category if 0.15, and the large category if 0.35.

According to the data obtained by the researcher, successor readiness and leadership succession impact company performance, with values of 0.049 (small category) and 0.110 (large category), respectively. However, the family support variable does not impact company performance, as its value is 0.015 or  $< 0.02$ . The results from the Effect Size (F-Square) test indicate that family support significantly influences leadership succession, with a value of 0.334 (large category), while successor readiness does not impact leadership succession, as it has a value of 0.001 or  $< 0.02$ .

This finding suggests that successor readiness contributes to improving company performance, although it is not a dominant factor. Meanwhile, the family support variable does not significantly impact company performance, as indicated by its value of  $0.015 < 0.02$ , suggesting that this social factor is not strong enough to determine company performance.

The Effect Size (F-Square) test results also show that family support has a strong influence on leadership succession, with a value of 0.334 in the large category, whereas successor readiness does not significantly impact leadership succession, with a value of  $0.001 < 0.02$ . This indicates that in the context of family businesses, family support plays a more significant role in ensuring leadership continuity compared to successor readiness.



## Mean and Standard Deviation

**Table 2.**  
Mean and Standard Deviation

Indicators	Mean	Standard Deviation
X1.1 Learning and Development	4,51	0,519
X1.4 Working Experience	4,39	0,525
X1.7 Loyalty to the Company	4,43	0,496
X2.1 Family Involvement in the Company	4,43	0,515
X2.5 Family Support	4,37	0,521
X2.9 Family Value and Culture	4,40	0,490
Z Leadership Succession	4,36	0,537
Y Company Performance	4,47	0,536

Based on Table 2, which summarizes the mean and standard deviation, the results indicate, the majority of respondents agree that learning development, work experience, and loyalty to the company are key indicators of variable successor readiness, with mean scores of 4.51, 4.39, and 4.43, respectively. For variable X2, the majority of respondents agree that family involvement, family support, and family values and culture are important indicators, with mean scores of 4.43, 4.37, and 4.40, respectively. This reflects a positive assessment of the family support variable. And for variables Z and Y, the majority of respondents agree that leadership succession and company performance are critical indicators, with mean scores of 4.36 and 4.47, respectively.

## Hypothesis Testing

This study has seven hypotheses that will be tested using the T-statistic value, which is used to determine whether there is enough evidence in the data to support or reject a statement or claim regarding the population. According to (Sudjono, 2010), the T-test is a statistical test used to assess the truth or falsity of a hypothesis that states there is no significant difference between the means of two randomly selected samples. If the P-value is below the significance level of 5% ( $\alpha = 0.05$ ), equivalent to a 95% confidence level, the T-test is performed using SmartPLS as an analysis tool for decision-making, as stated by (Gozalli, 2018). If the T-statistic value  $> 1.96$  (T-table for two-tailed) and the P-value  $< 0.05$  (significance level of 5%), then the alternative hypothesis ( $H_a$ ) is accepted and the null hypothesis ( $H_o$ ) is rejected. The results of the hypothesis testing through the inner model are presented in the table below:

**Table 3.**  
Hypothesis Test Result

Hypothesis	Path	Original Sample	T-Statistic	P-Value	Support/Not Supported
H1	Successor Readiness > Leadership Succession	0,038	0,144	0,661	Not Supported
H2	Family Support > Leadership Succession	0,795	3,205	0,001	Support
H3	Successor Readiness > Company Performance	0,457	2,002	0,046	Support
H4	Family Support > Company Performance	0,197	1,074	0,283	Not Supported
H5	Leadership Succession > Company Performance	0,222	1,882	0,060	Not Supported
H6	Successor Readiness > Leadership Succession > Company Performance	0,009	0,101	0,920	Not Supported
H7	Family Support > Leadership Succession > Company Performance	0,177	2,133	0,033	Support

The analysis results from the data presented can be summarized as follows:

1. Successor Readiness towards Leadership Succession resulted in a T-statistic value of  $0.144 < 1.96$  with a P value of  $0.885 > 0.05$ , so H01 is rejected with an original sample value of 0.038. The conclusion drawn from employees at Bentani Hotel is that Successor Readiness does not always require having work experience in various positions to prepare for a leadership role.
2. Family Support towards Leadership Succession resulted in a T-statistic value of  $3.205 > 1.96$  with a P value of  $0.001 < 0.05$ , so Ha2 is accepted with an original sample value of 0.795. The conclusion is that Family Support has a significant positive effect on Leadership Succession.
3. Successor Readiness towards Company Performance resulted in a T-statistic value of  $2.002 > 1.96$  with a P value of  $0.046 < 0.05$ , so Ha3 is accepted with an original sample value of 0.457. The conclusion is that Successor Readiness has a significant positive effect on Company Performance.
4. Family Support towards Company Performance resulted in a T-statistic value of  $1.074 < 1.96$  with a P value of  $0.283 > 0.05$ , so H04 is rejected with an original sample value of 0.197. The conclusion drawn from employees at Bentani Hotel is that there is no transparency and openness in decision-making for the business, so Family Support does not have a significant positive effect on Company Performance.
5. Leadership Succession towards Company Performance resulted in a T-statistic value of  $1.882 < 1.96$  with a P value of  $0.060 < 0.05$ , so H05 is rejected with an original sample value of 0.222. The conclusion from employees at Bentani Hotel is that the performance measurement system used in the leadership succession process is ineffective in assessing potential leaders, so Leadership Succession does not have a significant positive effect on Company Performance.
6. Successor Readiness towards Company Performance through Leadership Succession resulted in a T-statistic value of  $0.101 < 1.96$  with a P value of  $0.920 > 0.05$ , so H06 is rejected with an original sample value of 0.009. The conclusion drawn from employees at Bentani Hotel is that successors do not need work experience in various positions to improve Company Performance through Leadership Succession as an intervening variable.
7. Family Support towards Company Performance through Leadership Succession resulted in a T-statistic value of  $2.133 > 1.96$  with a P value of  $0.033 < 0.05$ , so Ha7 is accepted with an original sample value of 0.177. The conclusion is that there is an indirect effect of Family Support on Company Performance through Leadership Succession as an intervening variable.
8. Referring to the results of the seven hypotheses tests, three hypotheses are accepted: Family Support towards Leadership Succession, Successor Readiness towards Company Performance, and Family Support towards Company Performance through Leadership Succession. Meanwhile, four hypotheses are rejected: Successor Readiness towards Leadership Succession, Family Support towards Company Performance, Leadership Succession towards Company Performance, and Successor Readiness towards Company Performance through Leadership Succession.

#### Equation Structure Model

$$\begin{aligned}\text{Equation 1 : } Z &= \gamma_1 X_1 + \beta_1 X_2 \\ &= 0,038 X_1 + 0,795 X_2 \\ \text{Equation 2 : } Y &= \gamma_1 X_1 + \gamma_2 X_2 + \gamma_3 Z \\ &= 0,457 X_1 + 0,197 X_2 + 0,222 Z (0,038 X_1 + 0,795 X_2) \\ &= 0,457 X_1 + 0,197 X_2 + 0,00844 X_1 + 0,177 X_2 \\ &= 0,465 X_1 + 0,374 X_2\end{aligned}$$

This study aims to demonstrate that corporate performance at Bentani Hotel, in the context of leadership succession, is influenced by two primary variables: **successor readiness** and **family support**. The findings from the structural equations are as follows:

#### Equation 1 (Z):

In leadership succession, **79%** of the variation is explained by family support, while only **38%** is influenced by successor readiness. This highlights the dominant role of family support. These findings align with previous research indicating that family businesses benefit from establishing transparent governance frameworks and fostering harmonious relationships among family members (Pieper et al., 2021; Abiri-Frankling and Olugasa, 2022; Olufemi, 2021). When family members collaborate, trust one another, and communicate openly, conflicts are reduced, and the succession process becomes more seamless. Additionally, promoting gender inclusivity and addressing cultural biases in succession planning (Teixeira et al., 2020; Stephen et al., 2019) can maximize the potential of family members, fostering both business success and societal progress.

### Equation 2 (Y):

For corporate performance, **46.5%** of the variation is influenced by successor readiness, and **37.4%** is influenced by family support.

This aligns with the findings of **Zareie (in Afriany, 2019)**, which suggest that the success of family business transitions and development relies on clear planning and collaborative activities between the preceding and succeeding generations. The success of family businesses also depends on proper planning, preparation, and the selection of the successor. Furthermore, according to **Porfírio et al. (2020)**, the personal characteristics of the successor and the organizational characteristics of the family business work together to produce a motivated successor. Motivation underpins the successor's attitude toward family business succession and can determine the success of the succession process. Analyses conducted in other family business studies provide important contributions to explaining family business succession. Additionally, **Mokhber et al. (2017)** found that the level of successor readiness is one of the determinants of a successful transition and has a positive impact on family business capabilities.

Therefore, attention to successor readiness is crucial to ensuring a successful leadership succession process and improving overall company performance.

In leadership succession within family businesses, two critical factors influence the process: **family support** and **successor readiness**. These factors can be understood through two distinct but interconnected perspectives:

1. **Family Support (Social Factor)** – The stability and legitimacy of the succession process rely heavily on the collective support of the family. A strong support system ensures a smooth transition and minimizes conflicts.
2. **Successor Readiness (Individual Factor)** – The successor's knowledge, skills, and leadership capabilities determine the effectiveness of the transition. While external support is crucial, the individual's preparedness ultimately dictates their success.

By integrating these perspectives, a more holistic approach can be developed, ensuring that both social and individual aspects are balanced for a successful leadership transition in family businesses.

## 5. Conclusion

A successful leadership transition in family businesses requires a balanced approach that considers both social support from the family and the individual readiness of the successor to ensure sustainable business performance.

1. Equation 1 (Z) emphasizes the importance of social factors (family support) in leadership succession, while Equation 2 (Y) highlights the significance of individual factors (successor readiness).
2. Scientifically, these two equations reflect the duality in the succession process:  
**Family Support** represents the collective and relational aspects that underpin the stability and legitimacy of succession.  
**Successor Readiness** represents the individual aspect and competencies that determine leadership effectiveness.
3. Theoretical Integration:  
These two equations can be explained through a holistic approach that combines **family system theory** (for family support) and **human capital theory** (for successor readiness). In the context of family businesses, successful succession requires a balance between social and individual factors.

Ultimately, leadership succession in family businesses cannot rely solely on either social or individual factors. A strategic integration of both elements will enhance the long-term sustainability and performance of the company.

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