

Antecedents of Family Business Successor Performance

Bob Limios¹, Nurulita Purna Tri Utami², Pranidana Ramata³, Anita Maharani^{4*}
^{1,2,3,4,5,6} Business Management Program, Management Department,
Binus Business School Master Program
Bina Nusantara University, Jakarta, Indonesia, 11480
bob.limios@binus.ac.id¹, nurulita.utami@binus.ac.id², pranidana.ramata@binus.ac.id³,
anita.maharani@binus.edu⁴ *Corresponding Author

Abstract

This study aims to examine the antecedents of successor performance in family businesses. These antecedents are pride, trust, motivation, reputation and succession process. This study wants to see whether there is a mediating-moderator role from the antecedents to successor performance. This study obtained data through the distribution of questionnaires to 100 respondents, and data analysis using the SEM method with SMARTPLS. The results showed that pride, trust, reputation and succession process will affect the performance of family business successors, while motivation has no role.

Keywords: Family, Business, Successor, Performance

I. INTRODUCTION

Entrepreneur.com (2018) has released their article on family business sustainability. According to this article, 70% of family businesses fail to make the transition in the second generation, there are 30% who survived, and only 12 % able to survive until the third generation, and even only 4% which can last until the fourth generation.

Based on research, it is found that family business need independent directors in their organizations who can support corporate social responsibility (Cuadrado - Ballesteros, Rodriguez-Ariza and Garcia Sanchez, 2015), family businesses need to consider the scope and development of foreign countries as an effort to meet the needs of the global market (Casillas and Moreno-Menendez, 2017), but among many studies (Fernandez-Araoz, Iqbal, Ritter and Sadowski, 2019) suggest that six things should be considered in order to a strong family business, namely: an assessment system, a vision ahead, involvement, friction and interaction, good family relationships, principles and functions of leadership.

Family business can be defined as "a company consisting of two or more family members who oversee the company's finances" (Ward and Aronoff, 2002). Research on family business continues to grow over time, and until now many research journals examine the family business that has been published in various journals.

In another note, also keep in mind that family businesses are fundamentally different from non-family business, especially in shareholders that plays its role as controller. Family businesses have strong relationships between members of the organization, and this is as supporting factor to create a long-term vision, when they are united, they are even able to make quick decisions and they can have values and principles they hold to the business they run (Jaffe, 2018). The values and principles that family businesses hold towards the actual business they run the family business can be translated within the community in the context of social identity (Waldkirch, 2015). In other words, how capable a family business is to create a

social identity, it will be the extent that the meaning of the values and principles held by the family for the business being run.

The concept of social identity was first introduced by social psychologists, to explain the relationship between groups (Hogg, 2016), which initially looked at how the process occurs between social groups, but later developed from the 1980s which began to raise social influence into a group, and other things that are intangible. In the context of social identity related to the family business, there is an aspect of self-esteem or pride. Astrachan and Botero (2018) stated that one of the causes of family businesses is easy to survive is because of the ability of family businesses to encourage community understanding of family business identity, including self-esteem or later on will be called as pride.

However, all of this research in the scope of the family business eventually pursued this question, "whether the family business will survive?" As we have seen many examples of family businesses, researchers have tried to find the most appropriate tactical methods to offer family business practices to become stable and sustainable companies. The succession process in a family business is the process of forming and planning successors in a family business that is made according to the needs of the owner, family, and company (Geller in Verdugo, Lomeli, Cruz & Frias, 2016).

The succession process becomes fundamental in the sustainability of business including the process of handling over the leadership to the next generations (Utami, Bernardus & Sinta, 2017). The succession process is a selective decision and continuous process in meeting market needs and industrial competitions.

In practice, succession has been prepared from the beginning since the prospective future generation determined. Especially for family business, the next generation of leaders will continue the business from the founders. Since the early age of family business, the business founders have started to prepare the next generation to be involved in family business, given that future leaders education, adequate experience, and other competencies needed in order to lead the family business.

Many previous studies have raised the topic of the family business, some of which discuss factors that are often considered to hamper the succession process in family businesses (Miller, 2006), among others the absence of specific knowledge possessed by family businesses at the time of determining the system succession (Roger, 1990), there is a link between post-succession company performance compared to pre-succession (Hillier, 2009), there is an importance for the successor to have the motivation, and a strong desire, also broad knowledge about the business concerned, without forgetting the habitual or cultural factors, which usually take place and will determine the continuity and success of the family business in innovating (Wang, 2019).

If we look at Indonesia, the majority of family businesses started from a traditional company. Some prominent Indonesian family entrepreneurs include of Lim Sui Liong (Salim Group), EkaCipta Wijaya (Sinar Mas Group), Mochtar Riady (Lippo Group), and Chairul Tanjung (Para / CT Group). The success of the business which they had pioneered and maintained can raise the rank of a family, in other words, there is a dominant element of self-esteem or pride. Furthermore, efforts to manage the dynamics of the family business in a positive direction require a high level of professionalism or even a strong sense of familyhood. However, these companies do not adhere the principle of openness in corporate practice, the largest shareholder who is the majority of family members continues to manage the company as if the company still run by the founder (Darmadi in Widyanti, 2018).

There is an assumption that the next generation of family business could only enjoy the achievements made so far, unlike the founders who has struggled at first. But on contrary, the next generation also have big responsibility because they have to maintain the success of their family business. Many family businesses have difficulty passing through to the third generation, some studies focus more on intergenerational succession (Lam in Widyanti, 2018). Victor R. Hartono, as the third generation of Djarum, intends to break the myth, and make it as an important mission because he does not want this business to collapse under his leadership (source: tempo.co, 2017). Hence Djarum is a good example, a family business in Indonesia that has been passed down succesfully to the third generation and managed to thrive as a business conglomerate group. This is where pride is considered a strong driving factor in the succession process of a family business.

Post-succession is also very decisive, how the successor can maintain the continuity of the family business and even increase its success. What factors cause businesses to decline when it's run by the second or third generation and so on? Family businesses are often considered conservative and reluctant to innovate (EmanuelaRondia, Alfredo De Massisa, Josip Kotlar, 2019). Family businesses with longstanding reputation may wish to allocate more funds for innovation, but not in reality, because they don't dare to take too much risk and don't want to incur greater external costs, therefore most of family business reduce research and development budgets. (e.g. Chrisman & Patel, 2012; Gomez-Mejia et al., 2014). Sometimes family businesses tend to be more efficient at converting innovation budgets into more tangible results compared to non-family businesses (Duran et al., 2016). Researchers find evidence that family businesses successfully innovate with smaller investments (De Massis, Audretsch, Uhlaner, &Kammerlander, 2017; Duran et al., 2016). Business development in family businesses is much influenced by the generation of the family that runs it, education level, orientation to continue to grow, strategic planning, and supporting factors in family dynamics (Rutherford, et al., 2006).

Many family business owners still maintain their business because of inheritance which is a matter of pride even though they have obstacles in terms of capital and operations. The beliefs that business should keep maintained because the family name is at stake and also the survival of many family members who depend on this business. The problem to be raised in this study is whether the process of pride succession is a driving factor that provides a significant impact? Factors that might also influence the success of a family business continuity is the trust given by the founder to the successor, for example when the successor makes an effort to innovate and adopt new technology, there may be many obstacles arising from the founder/family who do not understand and accept the necessary changes.

We seek to accomplish the following two research purposes, 1) to assess factors affecting the family business succession process and 2) to assess factors affecting successors' performance in a family business. The benefits of this research can be assessed from the practical benefits and also for literature and science, especially for family business topics, 1) the founder's role in sharing the knowledge he has with the successor in running the family business, 2) the role of pre-succession and post-succession in the family business, 3) the role of the successor in addressing reputation in the family business, 4) the role of the level of motivation for the successor in the family business, 5) the role of pride and trust in the family business. Also, this research can provide scientific benefits to the literature on the topic of the family business, especially from pride in the context of social identity, which in this case includes reputation, trust, and values in the family business.

This research tries to raise a unique factor that plays a major role in a family business, namely regarding self-esteem as part of the social identity of the family's own family business and also about its future generations. The context of a family business that usually enters the micro-level and small business domains becomes an interesting topic to be raised because development in these types of businesses can help the national economy as a whole and can also assist the government in creating jobs.

II. LITERATURE REVIEW

Raquel (2014) mentioned the impact of succession on internationalization has been addressed by several family business authors resulting in different points of view. Although there is no universal definition of what is meant by succession, the definition seems quite appropriate, that is "the passing of the leadership sceptre from owners to successors who will be family members or not family members; or in other word 'professional manager'.

However, succession is not only a step to pass the baton, but rather it is a process that develops successor over several stages and, in some cases, begin even before the successor enters the business. It should be noted that succession should not be seen as an event that occurs founder's deceased. Succession results from effective planning as soon as the offspring enter the business (Raquel, 2014)

Concerning internal problems, there are several benefits associated with different generations, especially regarding decision making flow. The second generation has more information and is usually better prepared, and, as a result, they have a better tendency towards internationalization (Raquel, 2014). At the same time, successors (sons, daughters, nieces, grandchildren) are more related to business, sharing the same values, emotional connections, and social norms such as in family. Therefore they might be seen as less manipulative, opportunistic, and selfish, assumed that it will be more easier for successor to propose new ideas and implement them in family business. In broader area, succession may also be considered as an important critical incident (Graves and Thomas, 2008). Successful succession plan opens an important window of opportunity for family business that can increase their international commitments (Mene'ndez-Requejo, 2005). The relationship between the two fields of study "succession" and "internationalization" addresses the objectives, subjective factors and network factors regarding successors.

The high extinction rates among family businesses indicates that succession planning processes are carried out late and wrong or no planning occurs. Succession that is not planned properly, besides causing the end of the company, can also destroy the family. Therefore, succession planning and preparing management are very important for the survival of the family business. Once the process is defined, other conflicts are easier to negotiate (Bigliardi and Dormio, 2009). Well prepared succession process does not avoid conflict but it manages them successfully (Pardo-del-Val, 2009). All groups involved in these problems must participate in the succession planning process (Cabrera-Suárez et al., 2001).

The process of succession can be very emotional and controversial in family business (Harveston et al. 1997). To maintain cohesiveness in the family and business, family business managers must develop the planning processes and mechanisms needed to transfer leadership (Harveston et al. 1997). However, family businesses tend to avoid formal planning of succession strategies because they are usually the source of many family conflicts (Ibrahim et al., 2004).

According to Wang et al. (2004), succession planning has several goals, such as distributing the assets of its

predecessors efficiently among successors, passing business control and ensuring business leadership, and maintaining and promoting family harmony. Indeed, it has been argued that the succession process begins with the desire of its predecessor to keep the company in the hands of the family (Pardo-del-Val, 2009). According to Michel and Kammerlander (2015), the succession process has two main objectives: choosing a successor by determining possible candidates and preparing for the transfer of ownership and management of business from one generation to the next.

According to Venter, Merwe, and Farrington (2013) the success of a family business is the continuity of a family business and financial success. According to Matser and Lievens (2010) the success of a family business, where family business able to keep operates in the future. According to Venter, Merwe, and Farrington (2005), the success of a family business can be measured in three aspects, 1) business growth: in this aspect, a business is said to grow if the business can develop well from the growth of the business itself such as increased sales, increased profits, increasing the number of branches or subsidiaries that automatically increase the number of employees, 2) financial performance: in this aspect, the level of success of a family business is assessed by the number of funds owned by the business. This can be in the form of increased revenue, guaranteed business continuity following financial benchmarks, and company assets that continue to grow, 3) family harmony: in this aspect, a family business is declared successful if family relationships can be established. No more disputes between family members. This can be seen from the care shown among fellow family members, cooperation among family members in solving a problem, as well as intense communication among family members.

Someone who feels the pride of his/her family business will tend to continue the family business. This is because when someone has gotten a sense of pride from the business founder, usually the business founder will not put the successor position on other people who could risk another, therefore usually, the business founder will immediately give a stick of leadership to people who can be proud of. Tracy and Robins (2007) define pride as the human desire to achieve, to gain power and status, to feel satisfied both individually and others.

Pride and arrogance are self-conscious emotions experienced by individuals. According to Lewis (2005), pride arises as excitement because of actions performed successfully and positive thoughts and feelings, while pride can be defined as excessive pride or self-confidence, often leading to negative consequences. Tracy and Robins (2007a) note that although pride and arrogance are different, they are considered to be the same phenomenon, and as such, they call it authentic pride and arrogance, respectively. Bodolica and Spraggon (2011) argue that authentic pride is distinguished by self-confidence, self-esteem and references to specific self and related to internal motivation, especially dedication to goals and achievement of success, while hubristic pride is related to external motivation such as prestige and dominance (Tracy and Robins 2007).

Individuals who tend to feel authentic pride look for causes of failure among their inner characteristics, such as their abilities, whereas individuals who tend to feel hubristic pride look for causes of failure in the outside world. While in contact with others, individuals who feel hubristic pride are vulnerable to conflict and antisocial, and they often ignore others, unlike individuals who more often experience authentic pride, which is related to respect, acceptance of others, and willingness to collaborate with them. (Bodolica and Spraggon 2011). Because authentic and hubristic pride has different impacts on a person's individual and social life, studying their structure and reciprocity is an important research topic. Successful family business have

intrinsic pride in their values, and it became one of identified principles of long-term continuity of family business (Kenyon-Rouvinez, 2017).

H1: Pride affect family business succession process

Trust is the foundation of a relationship. A relationship between two or more parties will occur if each trust each other. This trust can not be easily recognized by other parties, but must be built from scratch and can be proven. In the economic world, trust has been considered as a catalyst in various transactions between sellers and buyers so that customer satisfaction can be realized as expected (Yousafzai, 2003).

According to Deutsch (in Yilmaz and Atalay, 2009), trust is the behavior of individuals, who expect someone to provide positive benefits. There is trust because trusted individuals can benefit and do what is desired by individuals who provide trust. Thus, trust is the basis for both parties to collaborate.

Shick (2005) defines trust as one's willingness to be sensitive to the actions of others based on the expectation that others will take certain actions on people who trust them, without depending on their ability to supervise and control them. this concept that people who are trusted have the will and sensitivity to the expectations of others who believe that their actions play a very important role.

Someone who can build the trust of a business founder will tend to fill the next position of a business founder. This happens because when someone has set up a business, of course, many things are confidential and do not want many people to know these things. Also, trust is related to how the business will be run after the company runs in the hands of the successor, and of course the founder does not want the business to decline. One way is to give business to people who can be trusted to continue.

H2: Trust affect family business succession process

According to Herbig and Milewicz quoted by Khairunnisak and Firman (2015), describing reputation is an award that is obtained by the company because of the advantages that exist in the company, such as the capabilities of the company, so the company will continue to be able to develop itself to continue to be to create new things again for the fulfilment of consumer needs. To be successful and profitable, a brand must have a positive reputation.

According to Fombrun, reputation is the embodiment of a person's experience with the product, r service they get. A good reputation will increase credibility, making consumers confidence that they will get what they have been promised. Personal reputation is a fact of social and organizational life (eg, Bromley, 1993). Individuals can develop a reputation for many things in everyday life, but at work, reputation is likely to focus on issues related to the capacity of individuals to do their jobs effectively, and to be cooperative and help others.

Personal reputation in organizations is the extent to which individuals are considered by others, from time to time, as doing their work competently, and helping others at work. It builds on previous work that characterizes workplace reputation with work-related behaviour and personal characteristics that others feel over time, with an emphasis on performance and character dimensions. (Ferris, Blass, Douglas, Kolodinsky, & Treadway, 2003). Reputation will determine stakeholder's willingness to put trust to family business, and this will lead to performance ((Deephouse and Carter, 2005; Fombrun, 1996; Pfarrer, Pollock and Rindova, 2010; Deephouse and Jaskiewicz, 2013).

Relevance of reputation also affect related non-financial goals that family business aimed, such as social status and family interests (Dyer and Whetten, 2006; Zellweger et al., 2013). Strong reputation of family business within its family member able to turn family business to achieve its competitive advantage and support firm performance (Zellweger, et al, 2012). On the other side, family business successor must able to demonstrate his/her ability to increase family business revenue and for sure their profits (Churchill and Hatten, 1987; Goldberg, 1996).

H3: Reputation moderates business succession process to successor performance

According to Hasibuan (2009), motivation is only aimed at human resources in general and subordinates in particular. Motivation questions how to direct the potential power of subordinates, so they are willing to work together productively to achieve and realize predetermined goals. According to Mangkunegara (2010) motivation is formed from employee attitudes in dealing with work situations in the company (situation). Motivation is a condition or energy that moves employees to be directed or to achieve the goals of the organization. Motivation is one of the things that influences human behavior, motivation is also referred to as an impetus, desire, support or needs that can make someone excited and motivated to reduce and meet own impulses, so they can act according to certain ways that will bring them to optimal direction. Suprijono (2009) explains learning motivation is a process that encourages learning, direction, and persistence in behavior. Being motivated means that a person should have full of energy, directed and enduring to achieve specific goals.

Specifically, in family business, there are some findings related to performance as it affected by motivation. Traits of founder has relationships with business performance (Chandler and Jansen, 1992), relationship within family and cohesiveness within family has relationship with successor succession process (Lansberg and Astrachan, 1994). Ghee, Ibrahim and Abdul-Halim (2015) found factors motivate successor to join family business, there are responsibility, self-achievement, career opportunity, personal satisfaction, control desire and better lifestyle. Motivation, within family business successor have meaning that successor have a strong desire to contribute to family business which by the end the outcomes will be seen as performance (Sharma and Irving, 2005). Successor characteristics such as motivation will determine family business succession (Gagne, Marwick, Brun de Pontet and Wrosch, 2019) and in the long run will influence outcomes or in other words it would influence performance (Colquitt et al, 2007; Ryan and Deci, 2017; Gagne, et al, 2019).

Of course, when someone believes and feels proud of the chosen successor, then that person will go through a stage of succession. However, the succession process is actually a very vital process because the failure of the succession process will adversely affect the successor's performance. Therefore, although the trust and pride of business founders is very high, it must be encouraged by a good succession process.

H4: Motivation moderates business succession process to successor performance

H5: Business succession process affect successors performance

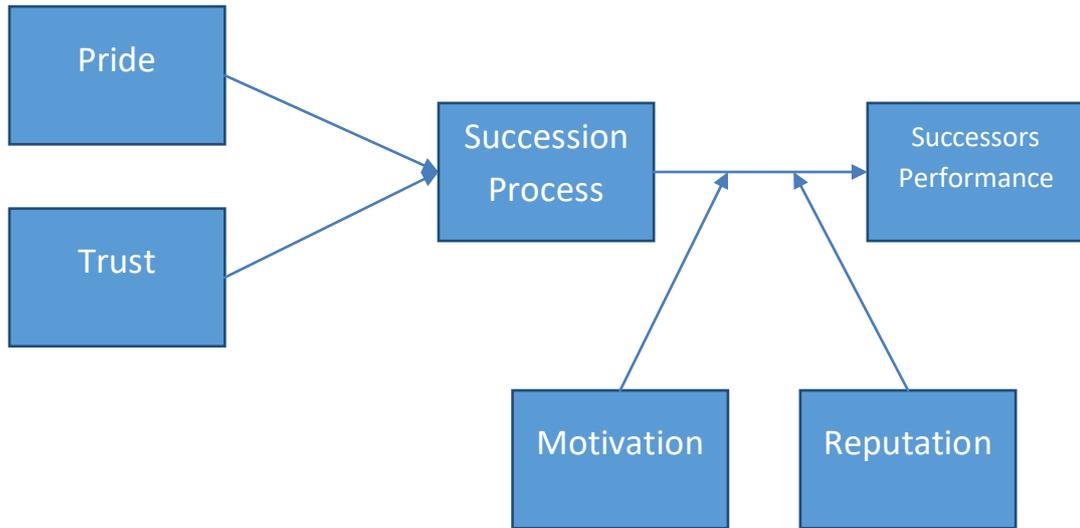


Fig. 1: Research Model

III. METHODOLOGY

This research uses a quantitative research approach. Data collection using survey methods. In this study the authors used a closed questionnaire. The questionnaire was submitted using a Likert scale covering the numbers 1 (Strongly Disagree) to 5 (Strongly Agree). The research location taken is in Jakarta. The time horizon used in this study is cross sectional. The population in this study are all business owners based on family businesses. Determination of the number of samples can be done by using the Slovin formula. The technique used in the sampling process is "Purposive Sampling" - Non-Probability Sampling. The parameters used in this study are all family companies that have downgraded the business from the founder to the successor to 100 people. Companies that can fill out questionnaires are: 1) companies that are based on family business, 2) companies have reduced leadership to the company's successors. The moment that will be used by researchers to obtain sample data is at the Indonesian Creative Works Exhibition and other Small Medium Enterprise events held in Jakarta. In doing samples analysis, researchers will use the "Partial Least Square" method.

Table 1. Operationalization of Construct

Variabl e	Indicator	Scale	Data
Succession Process (Jacobs, 2006)	1. Gender 2. Family problem 3. Planning 4. Partner 5. Business legal administration 6. Business value 7. Business methods	Likert	Ordinal
Reputation (Deephouse, 2013)	1. Positive reputation 2. Feeling trusted 3. Positive feelings 4. Respected	Likert	Ordinal

Motivation (Okuboyejo and Dickson, 2017)	1.Physiological need 2.Need of safety and security 3.Need for love 4.Need for recognition 5.Self-actualization	Likert	Ordinal
Pride (Arredondo, 2017)	1. Feeling proud 2. Proud to discuss business process 3. Satisfied with given position 4. Proud being recognized in the current company 5. Proud with current owned business	Likert	Ordinal
Trust (Shick, 2005)	1. Relationship management 2. Build mutual benefit 3. Fair process 4. Communication skills 5. Coaching	Likert	Ordinal
Business Success (Ayala, 2011)	1. Increased sales 2. Increased assets 3. Increased number of employee	Likert	Ordinal

IV. RESULTS AND DISCUSSION

Reflective Measurement Model Test

Validity Test with Convergent Validity

Validity testing requirements with Convergent Validity test is the value loading by each indicator required >0.7 . Herewith the validity test result with convergent validity test From the table below, it can be seen that the loadings of each indicator have values above 0.700 which means that all indicators meet the convergent validity testing requirements. Validity test with Discriminant Validity is used to see the validity value for each variable against the indicator compared to other variables. The requirement for validity testing with Discriminant Validity is if the loadings value of the indicator for the variable is stronger than the value of the loadings of the indicator for other variables.

.Following are the results of testing the validity with discriminant validity:

	PERFORMANCE	MOTIVATION	PRIDE	PROCESS	REPUTATION	TRUST
KB1	0.893	0.666	0.670	0.692	0.640	0.644
KB2	0.801	0.692	0.616	0.636	0.641	0.637
KB3	0.878	0.606	0.660	0.695	0.654	0.697
MOT1	0.649	0.879	0.652	0.647	0.672	0.684
MOT2	0.668	0.779	0.636	0.613	0.690	0.631
MOT3	0.653	0.756	0.635	0.658	0.681	0.668
MOT4	0.608	0.816	0.695	0.627	0.621	0.657
MOT5	0.635	0.813	0.662	0.615	0.668	0.690
PRI1	0.667	0.682	0.826	0.661	0.663	0.642
PRI2	0.613	0.673	0.780	0.617	0.606	0.699
PRI3	0.669	0.686	0.778	0.673	0.600	0.624
PRI4	0.634	0.679	0.833	0.657	0.612	0.629
PRI5	0.625	0.693	0.830	0.693	0.602	0.607
REP1	0.665	0.657	0.671	0.608	0.889	0.616
REP2	0.620	0.647	0.654	0.614	0.825	0.624
REP3	0.686	0.608	0.622	0.619	0.829	0.671
REP4	0.622	0.643	0.617	0.629	0.835	0.620
SUK1	0.638	0.683	0.616	0.755	0.628	0.653
SUK2	0.603	0.640	0.632	0.781	0.697	0.658
SUK3	0.623	0.603	0.627	0.765	0.674	0.657
SUK4	0.634	0.635	0.619	0.775	0.635	0.651
SUK5	0.657	0.688	0.649	0.808	0.643	0.634
SUK6	0.610	0.661	0.631	0.748	0.613	0.602
SUK7	0.639	0.691	0.609	0.864	0.648	0.677
TRU1	0.639	0.700	0.697	0.688	0.621	0.800
TRU2	0.610	0.689	0.674	0.604	0.608	0.775
TRU3	0.655	0.629	0.623	0.609	0.658	0.713
TRU4	0.623	0.623	0.694	0.685	0.673	0.848
TRU5	0.692	0.697	0.693	0.626	0.633	0.821

From the table above it can be seen that the loadings value of the indicator against the variable is stronger than the value of the loadings of the indicator against other variables which means that all indicators have fulfilled the validity of Discriminant Validity.

Validity Test with Average Variance Extracted is used to see the validity value for each variable as a whole. In contrast to the factor loadings which see the validity value of each variable. The average Variances Extracted test requirement is an Average Variances Extracted value > 0.5. The following results are the validity testing with Average Variant Extracted:

Variables	Values
Performance	0.737
Motivation	0.655
Pride	0.656
Process	0.618
Reputation	0.714
Trust	0.628

From the table above, it can be seen that the AVE value of all variables shows a value > 0.5 which means that all variables used in this study already meet the AVE requirements. Reliability test with Composite Reliability is used to see the reliability value of each variable without seeing any differences in covariance or loadings value of each indicator. The reliability testing requirements with Composite Reliability are Composite Reliability values > 0.6. Following are the results of reliability testing with Composite Reliability:

Variables	Values
Performance	0.893
Motivation	0.904
Pride	0.905
Process	0.919
Reputation	0.909
Trust	0.894

From the above table, it can be seen that the composite reliability value of all variables shows a value > 0.6 which means that all variables used in this study already fulfil the composite reliability requirements. Reliability test with Cronbach's Alpha is used to see the reliability value of each variable by looking at the differences in covariance and the value of loadings of each indicator. The reliability testing requirements with Cronbach's Alpha are Cronbach's Alpha values > 0.6. Here are the results of reliability testing with Cronbach's Alpha:

Variables	Values
Performance	0.820
Motivation	0.868
Pride	0.869
Process	0.896
Reputation	0.866
Trust	0.851

From the table above, it can be seen that the Cronbach's Alpha value of all variables shows a value > 0.6 which means that all the variables used in this study already meet the Cronbach's Alpha requirements.

Structural Measurement Model Testing is used to measure the magnitude of the influence of the Pride and Trust variables on the Succession Prose variable and their impact on Successor Performance with motivation and reputation as moderation. Following are the Structural Measurement Model Testing in this study:

Goodness of Fit

The goodness of fit test is used to determine the feasibility of the model. When the value of the Normed Fit Index is between 0 and 1, the model that is formed is declared to be qualified by the model. Here are the results of the reliability test with Goodness of Fit:

NFI	0.654
------------	--------------

From the table above, it appears that the NFI value is between 0 and 1 which means the data used meets the Goodness of Fit requirements. Determination Coefficient Test is used to see the amount of contribution of some independent variables to the dependent variable. The greater the coefficient of determination or R Square, the more accurate the research carried out. The following are the coefficient of determination test results:

	R Square
Performance	0.752
Process	0.868

From the table above, we can see the value of R Square on the successor's performance = 0.752, which means that the influence of pride and trust and succession process on the successor's performance is 0.752. Determination Coefficient Test is used to see the amount of contribution of some independent variables to the dependent variable. The greater the coefficient of determination or R Square, the more accurate the research carried out. The following are the coefficient of determination test results:

	R Square
Performance	0.792
Process	0.868

From the table above, we can see the value of R Square on the successor's performance = 0.792, which means the influence of pride and trust and the succession process with motivation and reputation on the successor's performance is 0.798. It also means that motivation and reputation moderates by 0.04 or by 4%. Testing the value of the path coefficient indirectly using the PLS algorithm is used to determine the coefficient value of each variable in influencing other variables through the mediating effect. Here are the results of indirect effect testing:

	Performance
Pride	0.210
Trust	0.278

From the table above, it can be seen that the influence of pride indirectly on performance through the business succession process is 0.210 and the influence of trust variables indirectly on performance through the business succession process is 0.278. Hypothesis testing in this study can be described as follows:

Construct	P-Values
Pride → Process	0.000
Trust → Process	0.000
Process → Performance	0.002
Reputation → Performance	0.006
Motivation → Performance	0.134

Results of Hypothesis Testing

H1: Pride has a significant positive effect on the Family Business Succession Process

From the table above, it can be seen that the influence of pride on the succession process is 0.418 with a p value = 0.000 which means that Pride has a significant positive effect on the Family Business Succession Process so that the hypothesis stating that Pride has a significant positive effect on the Family Business Succession Process is accepted. Therefore, when feeling proud, proud to discuss business process, satisfied with position given in family business, proudly recognized at the company today, and proud of achieving business that is run will drives business succession process as much as 41,8 %.

H2: Trust has a significant positive effect on the Family Business Succession Process.

From the table above, it can be seen that the influence of trust on the succession process is 0.553 with a p value = 0.000, which means that trust has a significant positive effect on the Family Business Succession Process so that the hypothesis stating that trust has a significant positive effect on the Family Business Succession Process is accepted. Therefore, relationship management, effort on building mutual benefit, fair process within family business, communication skills and coaching within family business will drives business succession process as much as 55,3 %.

H3: Reputation influences the moderating effect of business succession processes on successor performance

From the table above, it can be seen that the influence of reputation on successor performance is 0.339 with a p value = 0.006 which means that reputation has the effect of moderating the effect of business succession processes on successor performance so that the hypothesis that Reputation has the effect of moderating the effect of business succession processes on successor performance is accepted. Therefore, positive reputation, feeling trusted, positive feelings and being respected will increase the influence business succession process on successor performance as much as 33,9 %.

H4: Successor motivation moderates the effect of business succession processes on successor performance

From the table above, it can be seen that the influence of motivation on successor performance is 0.208 with a p value = 0.134 which means motivation has no effect in moderating the effect of business succession processes on successor performance so that the hypothesis that states motivation has the effect of moderating the effect of succession business processes on successor performance is rejected. Therefore, when successor has motivation that are based on physiological needs, need of safety and security, need for

love, need for recognition and self-actualization it will not increase the influence of business succession process on successor performance.

H5: The Family Business Succession Process has a significant positive effect on the successor's performance

From the table above, it can be seen that the influence of business succession process on successor performance is 0.503 with p values = 0.002, which means the succession process has a significant positive effect on successor performance so that the hypothesis stating that the succession process has a significant positive effect on successor performance is accepted. Therefore, when business successor process as it may be seen from gender, family problem, planning, partner, business legal administration, business value, business methods will drive successor performance as much as 50,3 %.

RECOMMENDATIONS

Family companies are advised to pay attention to and maintain the business succession process as best as possible because the business succession process will affect the success rate of successors running the business. Family companies are also advised to pay attention to the reputation of the successor because it can encourage and strengthen the influence of the succession process on the successor's performance. Family companies can evaluate the pride and trust they have for successors because these two variables are found to affect the performance of the successor itself.

REFERENCES

1. Araoz, C., Iqbal, S., Ritter, J., & Sadowski, R. (2019). 6 Traits of Strong Family Businesses - Harvard Business Review. Retrieved April 11, 2020, from <https://hbr.org/2019/06/6-traits-of-strong-family-businesses>
2. Arredondo-Trapero, F. G., Villa-Castaño, L. E., Vázquez-Parra, J. C., & García, J. D. (2017). Differences on self-perception of organizational pride and loyalty in Millennial & Generation X, considering gender and seniority variables. *Business and Economic Horizons*, 13(2), 270-286. doi:10.15208/beh.2017.20
3. Astrachan, C. B., & Botero, I. C. (2018). "We are a family firm". *Journal of Family Business Management*, 8(1), 2-21. doi:10.1108/jfbm-01-2017-0002
4. Calvo, Ayala, J., & García. (1970, January 01). ESTABLISHED BUSINESS OWNERS' SUCCESS:INFLUENCING FACTORS. Retrieved April 11, 2020, from https://econpapers.repec.org/article/wsijdexxx/v_3a15_3ay_3a2010_3ai_3a03_3an_3as1084946710001555.htm
5. Chandler, G. N., & Jansen, E. (1992). The founder's self-assessed competence and venture performance. *Journal of Business Venturing*, 7(3), 223-236.
6. Cho, N., Okuboyejo, S., & Dickson, N. (2017). Factors Affecting the Sustainability of Family Businesses ... Retrieved April 12, 2020, from <http://ibimapublishing.com/articles/JERP/2017/658737/658737-1.pdf>
7. Churchill, N. C. & Hatten, K. J. (1987). Non-market-based transfers of wealth and power: A research framework for family businesses. *American Journal of Small Business*, 11(3), 51-64.
8. Colquitt, J. A., Scott, B. A., & LePine, J. A. (2007). Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology*, 92, 909-927.
9. Cuadrado-Ballesteros, B., Rodríguez-Ariza, L., & García-Sánchez, I. (2015). The role of independent directors at family firms in relation to corporate social responsibility disclosures. *International Business Review*, 24(5), 890-901. doi:10.1016/j.ibusrev.2015.04.002
10. Deephouse, D.L and Carter, S.M. (2005) An Examination of Differences Between Organizational Legitimacy and Organizational Reputation. *Journal of Management Studies*, 42, 329-60

11. Deephouse, D. L., &Jaskiewicz, P. (2013). Do Family Firms Have Better Reputations Than Non-Family Firms? An Integration of Socioemotional Wealth and Social Identity Theories. *Journal of Management Studies*, 50(3), 337-360. doi:10.1111/joms.12015
12. Dyer WG; Whetten, DA (2006) Family firms and Social responsibility: preliminary evidence from the S&P 500. *Entrep Theory Pract* 30:785–802
13. Entrepreneur, E. (2018, October 03). How to Sustain Family Businesses? Retrieved April 12, 2020, from <https://www.entrepreneur.com/article/321066>
14. Fombrun, C. J. (1996). Reputation: Realizing Value from the Corporate Image. Boston, MA: Harvard Business School Press.
15. Gagne, Marylene; Marwick, Connor; Brun de Pontet, Stephanie; Wrosch, Carsten. (2019). Family Business Succession: Whats Motivation Got to Do With It. *Family Business Review*. DOI: 10.1177/0894486519894759
16. Ghee, We Yu; Ibrahim, Mohamed Dahlan; Abdul-Halim, Hasliza. (2015). Family Business Succession Planning: Unleashing the Key Factors of Business Performance. *Asian Academy of Management Journal*. Vol. 20, No. 2, 103-126
17. Goldberg, Steven D. (1996). Research Note: Effective Successors in Family-Owned Business: Significant Elements. *Family Business Review*. Vol. 9, No. 2. Family Firm Institute
18. Hillier, D., &Mccolgan, P. (2009). Firm Performance and Managerial Succession in Family Managed Firms. *Journal of Business Finance & Accounting*, 36(3-4), 461-484.doi:10.1111/j.1468-5957.2009.02138.x
19. Husien, S., Kirana, K. C., &Hermuningsih, S. (2019). Falling Down The Kingdom: Culture And Tradition On Family Business Succession. *Review of Behavioral Aspect in Organizations and Society*, 1(1), 95-108. doi:10.32770/rbaos.vol195-108
20. Ip, B., & Jacobs, G. (2006). Business succession planning: A review of the evidence. *Journal of Small Business and Enterprise Development*, 13(3), 326-350. doi:10.1108/14626000610680235
21. Jaffe, D. (2018). If You Want Your Family Business To Last Several Generations. Retrieved April 12, 2020, from <https://www.forbes.com/sites/dennisjaffe/2018/08/30/if-you-want-your-family-business-to-last-several-generations/>
22. Jones, S., Haji, R., & Ferguson, N. (2016). Understanding Peace and Conflict Through Social Identity Theory. *Peace Psychology Book Series*. doi:10.1007/978-3-319-29869-6
23. Kenyon-Rouvinez, Denise. (2017). Secrets of Success in Long-Lasting Family Firms. *IMD Perspective For Managers*. Source: <https://www.imd.org/contentassets/252debe0faba4c979894927091496998/pfm-2-17-secrets-of-success.pdf>
24. Kumar, S., &Prameswari, Q. (2018). The Determinants of a Successful Family Business ... Retrieved April 12, 2020, from <http://e-journal.president.ac.id/presunivojs/index.php/IJFBP/article/view/638>
25. Lansberg, I. S., &Astrachan, J. H. (1994). Influence of family relationships on succession planning and training: The importance of mediating factors. *Family Business Review*, 7(1), 39–59
26. Lestari, R. (2018). STUDI FENOMENOLOGI: MEMAKNAI TATA KELOLA PERUSAHAAN PADA BISNIS KELUARGA BERETNIS TIONGHOA DI INDONESIA. Retrieved April 12, 2020, from <http://e-journal.unipma.ac.id/index.php/inventory/article/view/3290>
27. Latan, Hengky&Ghozali, Imam. (2015). Partial Least Squares: Concepts, Techniques and Applications using SmartPLS 3.
28. Miller, D., Steier, L., & Breton-Miller, I. L. (2003). Lost in time: Intergenerational succession, change, and failure in family business. *Journal of Business Venturing*, 18(4), 513-531.doi:10.1016/s0883-9026(03)00058-2
29. Pfarrer, M. D., Pollock, T. G. and Rindova, V. P. (2010). 'A tale of two assets: The effects of firm reputation and celebrity on earnings surprises and investors' reactions'. *Academy of Management Journal*, 53, 1131–52.
30. Ryan, R. M., & Deci, E. L. (2017). Self-determination theory: Basic psychological needs in motivation, development, and wellness. New York, NY: Guildford Press
31. Schick, K. (2014). Trust, Family Businesses, & Succession Planning: Exploring ... Retrieved April 12, 2020, from https://dspace.library.uvic.ca/bitstream/handle/1828/5437/Schick_Kalen_MA_2014.pdf?sequence=3&isAllowed=y

32. Sekaran, U., & Bougie, R. (2016). *Research Methods For Business: A Skill Building Approach*. West Sussex, United Kingdom: John Wiley & Sons.
33. Sharma, Pramodita; Irving, Greg. (2005). Four Shades of Family Business Successor Commitment: Motivating Factors and Expected Outcomes. *Entrepreneurship Theory and Practice*.
34. Sugiyono, S. (2008). *Metodepenelitianpendidikan: (pendekatankuantitatif, kualitatif dan R & D)*. Bandung, Indonesia: Alfabeta.
35. Sugiyono, S. (2017). *Metodepenelitianpendidikan: (pendekatankuantitatif, kualitatif dan R & D)*. Bandung, Indonesia: Alfabeta..
36. Utami, C., Bernardus, D., & Sintha, G. (2017). The Pattern Analysis of Family Business Succession: A Study on Medium Scale Family Business in Indonesia. *European Research Studies Journal*, XX(Issue 2A), 461-474. doi:10.35808/ersj/653
37. Waldkirch, M. (n.d.). Social identity theory and the family business. *Theoretical Perspectives on Family Businesses*, 137-155. doi:10.4337/9781783479665.00015
38. Wang, Y., Lo, F., & Weng, S. (2019). Family businesses successors knowledge and willingness on ...Retrieved April 12, 2020, from <https://www.sciencedirect.com/science/article/pii/S2444569X19300320>
39. Yanuar, Y. (Ed.). (2017, December 05). *BisnisKeluargaHancur di GenerasiKetiga? Ini Kata Victor Djarum*. Retrieved April 12, 2020, from <https://bisnis.tempo.co/read/1039789/bisnis-keluarga-hancur-di-generasi-ketiga-ini-kata-victor-djarum>
40. Zellweger TM, Kellermanns FW, Eddleston KA, Memili E (2012) Building a family firm image: how family firms capitalize on their family ties. *J Fam Bus Strategy* 3:239–250
41. Zellweger TM, Nason RS, Nordqvist M, Brush CG (2013) Why do family firms strive for nonfinancial goals? An organizational identity perspective. *Entrep Theory Pract* 37:229–248