*Manajemen dan Bisnis, Volume 23, No 2 (September 2024)*

# Succession planning and family business longevity: a study on currency exchange companies

Soelistyawati, Siti Mujanah, Mochammad Sihab Ridwan

*Faculty of Economics and Business, Universitas 17 Agustus 1945, Surabaya, Indonesia*
*Corresponding author: Soelistyawati, 1262200006@surel.untag-sby.ac.id*

Received: January 1st, 2024; Accepted: May 8th, 2024; Published: September 15th, 2024
DOI: https://doi.org/10.24123/jmb.v23i2.764

***Abstract***

*This study investigates the critical determinants influencing the longevity of family businesses, particularly within the context of Money Changers in East Java, Indonesia. The research is grounded in the premise that sustained business success across generations depends on effective succession planning, successor preparation, family commitment, and the involvement of the controlling generation. Using a quantitative approach, the research employs PLS-SEM to analyze the relationships between variables. Data was collected from 86 licensed Money Changers in East Java. Findings indicate that succession planning and family commitment significantly influence the involvement of the previous generation in transitioning leadership roles. The research underscores the pivotal role of the controlling generation in ensuring the continuity and stability of family businesses. Recommendations include detailed plans for identifying and preparing successors, enhancing family commitment, and increasing the involvement of the previous generation in decision-making processes. Strengthening these aspects is crucial for ensuring the resilience and long-term viability of family businesses, particularly in the Money Changers sector. Future research should expand its scope to encompass diverse regions and consider customer perspectives to shape robust strategies for sustained family business growth.*

***Keywords**: succession planning, successor's preparation, money changer generation in control, family business longevity.*

## Introduction

Family businesses face the challenge of ensuring their longevity, defined as the ability to pass down the business from one generation to the next and overcome inherent challenges (Kraus, Kallmuenzer, Stieger, Peters, & Calabro, 2019). Family businesses, the oldest and most widespread economic organizational model globally, range from small enterprises to multinational corporations (Baltazar, Fernandes, Ramadani, & Hughes, 2023; Parada & Dawson, 2017). These businesses contribute not only to family needs but also serve as economic pillars and significant contributors to a country's Gross Domestic Product (GDP) growth (Chang, Chrisman, Chua, & Kellermanns, 2008; Malinen, 2001; Ramadani, Memili, Palali´c, & Chang, 2020). Malinen (2001) emphasizes that family businesses are a source of long-term and sustainable

**To cite this article:** Soelistyawati, Mujanah, S., Ridwan, M.S. (2024). Succession planning and family business longevity: a study on currency exchange companies. Manajemen dan Bisnis, 22(2), 296-312. DOI: 10.24123/jmb.v23i2.764

economic progress.

The longevity of family businesses refers to their ability to thrive over multiple generations (Chang, Zare, & Ramadani, 2022). It is a critical indicator of their adaptability to changing market conditions, maintenance of family harmony, and sustained business growth over time (Jahmurataj et al., 2023). While some family businesses successfully continue for several generations, others struggle to extend beyond the first or second-generation (Ramadani, Bexheti, Rexhepi, Ratten, & Ibraimi, 2017). For instance, Sampoerna, a tobacco company, has stood since 1913, enduring through three generations.

Research indicates that approximately 30% of family businesses endure to the second generation, and only about 16% continue to the third generation (Morris, Williams, Allen, & Avila, 1997; Ramadani et al., 2017). Succession planning emerges as a critical aspect, and effective family firm longevity relies on cohesive planning, joint programs between old and new generations, preserving the family business, and selecting suitable successors (Chakrabarty, 2009; Hernandez-Perlines, 2021; Roig-Tierno, 2015).

Studies on family business longevity identify the key affecting factors, such as succession planning, maintaining family cohesion, fostering a strong corporate culture, and effective risk management (Hernandez-Perlines, 2021; Roig-Tierno, 2015). Additionally, family businesses that innovate, adapt to market changes, and remain relevant to their customers are more likely to endure in the long run. Recent research in Kosovo found that family relationship quality, knowledge transfer from previous owners to successors, and family culture significantly impact company longevity, while founder education, succession plans, and successor readiness have no such effect (Jahmurataj et al., 2023). In Pakistan, family business sustainability is influenced by family involvement and the company's innovation capabilities (Ahmad, Keerio, Jameel, & Karem, 2020). Succession failure is considered a major obstacle, linked to family business continuity (Handler & Kram, 1988; Ramadani et al., 2017). Despite extensive research on succession and business longevity, further investigation is needed to understand succession planning processes in family businesses (Ferreira, Fernandes, Schiavone, & Mahto, 2021).

Succession planning is crucial for organizational growth and business sustainability (Al Suwaidi, Jabeen, Stachowicz-Stanusch, & Webb, 2020; Hassan & Siddiqui, 2020). In family businesses, succession planning involves ensuring business continuity by passing it to the next generation. Founders must plan for management, rules, and changes in case of illness or premature death. Without succession planning, family businesses are likely to fail during leadership crises, such as death, incapacity, or unresolved family conflicts (Avila, Avila, & Naffziger, 2003). Successor's preparation, the second factor, plays a pivotal role. Effective succession requires successors to acquire new skills, such as business and industry knowledge, communication and interpersonal skills, decision-making skills, networking and social capital, entrepreneurial spirit, and legitimacy and credibility with stakeholders (Jahmurataj et al., 2023). Family commitment, the third factor, is crucial for family business sustainability. A strong commitment among family members to jointly strategize and pursue family and business goals differentiates family businesses from non-family ones (Klein, Astrachan, & Smyrnios, 2005; Shen, 2018). A lack of shared commitment may lead the next generation to become passive investors or sell their ownership to outsiders. The generation in control, the generation that manages business policies, strategies, and operations, is defined by Cruz and Nordqvist (2012) and (Shen, 2018). The choice of the generation in control affects family business longevity. In founder-controlled organizations, a risk-averse approach is adopted, fearing the loss of invested resources (Salvato, Chirico, & Sharma, 2010).

Innovation, adaptability, dual partnerships, decision-making speed, high staff dedication, and loyalty are characteristics of successful family businesses. Future leaders' willingness to assume responsibilities may be influenced by the family atmosphere (Le Bretton-Miller & Miller, 2013). Family-owned businesses prioritize family members as successors, potentially hindering qualified external applicants.

Foreign exchange currency or KUPVA (Kegiatan Usaha Penukaran Valuta Asing), a family business in the non-bank financial sector, operates as a money changer under Bank Indonesia regulations (No.18/20/PBI/2016). They usually serve individuals or business customers who need foreign currency for various purposes, such as travel, international business, or investment purposes. They can operate as physical businesses with offices or branches, or online through electronic platforms. Their activities involve buying and selling foreign currencies at exchange rates determined according to the foreign exchange market. Bank Indonesia data shows that over 75% of money changer businesses in Indonesia are family-owned, and most of them were passed down to the next generation.

Succession planning, successor preparation, and family commitment are crucial for the longevity of money changer businesses, ensuring a smooth transition of generations. Some problems come up with this transition, such as the successor is less interested or having a different interest in the business field that was started by their predecessor; there are obstacles in providing guidance to the next generation of KUPVA businesses; and, in terms of controlling and supervising by Bank Indonesia, the KUPVA which led by the second or later generation are sometimes problematic. So, this research focuses on understanding the factors influencing the longevity of family businesses, particularly in the context of money changers, contributing valuable insights for their sustained success in the changing business landscape.

We can view this research using a human resource perspective. Human resources (HR) are pivotal for an organization's operations and are effectively managed to achieve organizational goals (Mondy & Martocchio, 2016). HR management (HRM) involves handling personnel within a business and is crucial for its functioning. Professionals in HR view employees as valuable assets. It encompasses managing, organizing, and controlling human resources within an organization. Additionally, HRM plays a strategic role by aligning workforce strategies with corporate goals, enhancing HR's role in strategic planning, mergers, and acquisitions, and aiding managers in achieving objectives (Mondy & Martocchio, 2016). Strategic planning plays a significant role in achieving the future goals of the family business (Astuti & Mujanah, 2023; Ridwan, 2014), including the succession planning.

Resource-based view (RBV) theory suggests that a company's ability to develop specific capabilities leads to sustained competitive advantage (Barney, 1991). It categorizes resources into physical, human, and organizational categories. In the context of RBV, it emphasizes the importance of internal resources for a company's sustained competitive advantage and conducive performance (Ahmad, Omar, & Quoquab, 2019). This theory, when applied to family businesses, highlights unique systemic resources like human, social, and governance capital (Chang et al., 2008). Family businesses maximize internal potentials, especially in human resources, involving family members for effective and efficient operations.

Longevity in family businesses refers to sustained success over a long period, often measured by corporate longevity and the ability to outlast average company lifespans (Ahmad et al., 2019; Fahed-Sreih & Djoundourian, 2008). Succession planning poses a significant challenge. Planned succession from one generation to the next significantly reduces failure rates in family businesses (Chang et al., 2022; Kraus et al., 2019; Palali ́c, 2018). Factors influencing family business longevity include internal mechanisms like entrepreneurial orientation, owner education, risk-taking, as well as external factors like government institutions, legal strength, business networks, and location-based support for innovation and business engagement (Haag, Achtenhagen, & Grimm, 2023).

Succession planning significantly impacts family business sustainability. Failure in proper succession planning is a major obstacle (Handler & Kram, 1988; V. Ramadani et al., 2017). The future of a company depends on its leadership quality, whether led by the founder or their successor (Abdullah et al., 2022). Succession planning, successor preparation, and family commitment are crucial determinants.

Succession Planning involves identifying and developing successors for key leadership roles. Effective succession planning reduces turnover and enhances organizational effectiveness by developing plans, identifying key positions, and providing training opportunities (Hassan & Siddiqui, 2020; Perrenoud, 2020). Choosing the type of succession plan—pure family succession, mixed management, or selling to non-family—impacts the future business landscape (Zellweger, 2017). Effective succession requires successors to acquire new knowledge and skills. Competencies acquired through formal education, work experience, and entry into the family business contribute to their success (Jahmurataj et al., 2023; Romaní, Soria-Barreto, Honores-Marín, Ruiz Escorcia, & Rueda, 2022). Commitment from family members towards the organization is vital. Lack of dedication affects the distinction between family-owned and non-family businesses (Klein et al., 2005; Shen, 2018). Different types of commitment, such as affective, normative, calculative, and imperative, play significant roles in family business continuity (Zellweger, 2017). Generation in Control. Different generations managing family businesses show variations in performance and economic impact (Eddleston et al., 2013; Sonfield & Lussier, 2004). The identification and emotional connection of subsequent generations to the family business tend to weaken, leading to shifting control from one generation to the next (Le Bretton-Miller & Miller, 2013; Sciascia, Mazzola, & Chirico, 2013). The founder generation passes on management and strategic policies, but as the family grows, differences emerge, impacting the collective vision and longevity of the business (Zellweger, 2017).

Family businesses, prevalent worldwide from small shops to major corporations, involve family members owning and managing the enterprise, typically with minimum family ownership of 51% in small companies and 21% in larger ones (Baltazar et al., 2023; Ramadani, Memili, Palali´c, & Chang, 2020; Rovelli, Ferasso, Massis, & Kraus, 2022). Some define it strictly as operations by the same family members (Schulze, Lubatkin, & Dino, 2003), while disagreements persist on whether family control should be a requirement (Fahlenbrach, 2006). Control levels affect family involvement in ownership, management, and governance, determining their influence on critical decisions. Varied ownership types in family businesses come with unique opportunities and challenges (Zellweger, 2017).

These businesses thrive on strong stakeholder loyalty and integrity, fostered through familial bonds and traditions (Ferreira et al., 2021; Smaji´c, 2022). However, while familial ties enhance workplace culture and accessibility to founders, they might also lead to nepotism and biased decision-making (Zellweger, 2017). Strengths of family businesses lie in reduced owner-manager conflicts, efficient leadership, unique resources, long-term goals, committed cultural ties, and a family's dedication to the business's reputation. Yet, their dependence on family for decisions and the potential for nepotism can lead to conflicts and biased selections, impacting overall competence and performance evaluations within the company.

Numerous studies examine the factors influencing family business longevity, using both qualitative and quantitative methods across diverse sectors and countries. Jahmurataj et al. (2023) explored factors in Kosovo, finding family relationships, knowledge transfer, and family culture crucial for longevity. Ahmad et al. (2020) studied Pakistan, linking family involvement and innovation capabilities to longevity. In Sweden, Haag et al. (2023) delved into furniture manufacturing, revealing the historical context's impact on longevity.

Fahed-Sreih and Djoundourian (2008) investigated Lebanese family businesses, highlighting that older companies lean on boards, lack succession planning, and exhibit little family engagement. Al Suwaidi et al. (2020) in the UAE found succession planning linked to organizational culture and leadership development. Bloemen-Bekx, Lambrechts, and Gils, (2023) emphasized the importance of succession planning for generational continuity and commitment in Dutch family businesses. LeCounte (2022) explored long-term sustainability in small family-owned enterprises, focusing on succession planning's impact on commitment and tacit knowledge transfer.

Studies in various countries—South Africa, the Philippines, Poland, China, Scotland, and Germany—revealed succession planning's vital role in family business continuity, generation in control, and performance (Bąkiewicz, 2020; Chan et al., 2020; Hillebrand, 2019; Seaman, Welsh, & Bent, 2013; Shi, Graves, & Barbera, 2019; Tjano & Rensburg, 2020). Meier and Schier (2016) decade-long study illustrated intergenerational collaboration as key to sustaining family businesses. Pham, Bell, and Newton (2018) Vietnamese study and Harris and Ozdemir (2020) Turkish research highlighted family commitment, succession planning, and their effect on generation in control and business longevity.

Studies in Scotland by Maciel et al. (2015) emphasized family cohesion, commitment, owner-successor relations, and successor readiness as crucial factors. Osnes, Uribe, Hök, Yanli Hou, and Haug (2017) explored strategies like succession planning, generation in control, ownership clusters, and new business models across cultures. Valle (2021) and Fernandez-Olmos, Diaz-Vial, and Malorgio (2021) linked generation in control, relational social capital, and financial performance in family businesses, showcasing their interdependencies for sustainability.

Despite the extensive literature on family business longevity across various sectors and countries, a research gap exists in understanding the dynamics within the money changer industry in East Java, Indonesia. While existing studies touch upon factors influencing longevity, such as family relationships, knowledge transfer, and succession planning in diverse contexts, there is a scarcity of research specifically exploring the money changer industry in East Java. This gap offers an opportunity to investigate how succession planning, successor preparation, family commitment, and generation-in-control variables impact the longevity of family businesses in this unique sector. By focusing on a specific industry within a regional context, this research aims to contribute valuable insights and fill the existing void in the literature, providing a nuanced understanding of the challenges and opportunities for family business sustainability in the money changer industry in East Java.

## Research Methods

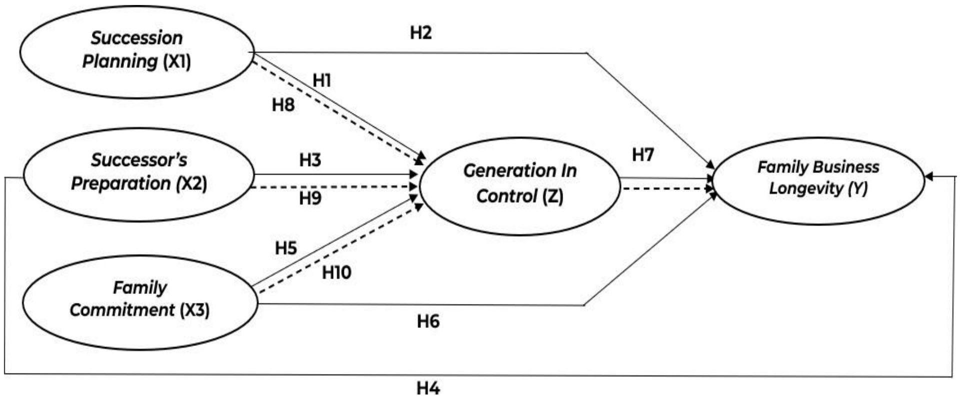


**Figure 1. Conceptual hypothesis**

The research methodology employs a quantitative approach rooted in positivism philosophy, using online survey research instruments. Data are classified and statistically analyzed to test existing hypotheses (Hair, 2009). This explanatory research delves into relationships between variables, examining causal hypotheses. The sample comprises of registered Money Changers in East Java, specifically within Bank Indonesia's Representative Office Regions across Surabaya, Malang, Kediri, and Jember; have been operating for 5 (five) years; and actively report the activities to Bank Indonesia. The total sample is 86 licensed Money Changers. The financial services sector was chosen due to its reliance on the transparent image, crucial for family business longevity.

The dependent variable examined in this study is firm longevity, reflecting a company's ability to adapt to market changes, maintain family harmony, and sustain growth over time (Ahmad et al., 2019). Firm longevity refers to a company's ability to sustain itself long-term, measured through indicators like financial strength, customer orientation, internal capabilities, strategic perspective, and learning/growth (Ahmad et al., 2019, Kaplan & Norton, 2000). The independent variables—succession planning, successor preparation, and family commitment—are defined based on previous research. Succession planning identifies and develops individuals for future leadership (Al Suwaidi et al., 2020). Succession planning indicators encompass documented plans, ease of implementation, and further strategy (Hassan & Siddiqui, 2020). Successor's Preparation involves preparing successors to take over family businesses Schlepphorst and Moog (2014), including the level of education, training, motivation, and self-perception regarding readiness (Ismail & Mahfodz, 2009). Family commitment entails long-term dedication and involvement in business endeavors (Shen, 2018). Family commitment is measured through loyalty, shared values, and personal ties to the company's vision (Klein et al., 2005). The mediating variable, generation in control, signifies the family or founding generation managing business policies, strategies, and operations (Cruz & Nordqvist, 2012). Generation in control is a binary variable where 1 signifies the previous generation's influence on company performance, and 0 indicates otherwise (Razzak, Abu Bakar, & Mustamil, 2019).

Data collection utilizes five-scale Likert scales in the questionnaire with varying response options, such as "strongly agree" to "strongly disagree." The data source is primarily, gathered through questionnaires distributed online to the owner or manager of 86 licensed Money Changers in East Java. The data collection technique employs online surveying directly completed by respondents.

Descriptive analysis describes financial service phenomena, while validity and reliability tests ensure measurement accuracy and consistency of the questionnaire using SPSS 22. Hypothesis testing employs structural equation modelling (SEM) to assess the proposed model's fit, including specific hypothesis testing of relationships between variables (Hair, 2009) using SmartPLS. Model fit is evaluated using indices like chi-square, RMSEA, and CFI, followed by parameter estimation and statistical tests (Hair, 2009).

## Result and Discussions

In the initial research analysis, the tool's validity and reliability were assessed using criteria and intercorrelation methods for the questionnaire's latent variables. For succession planning, all seven items met validity criteria with corrected item-total correlations > 0.30, ensuring their validity in measuring succession planning (Malhotra, 2007). It also happens for successor's preparation, family commitment, and family business longevity. The validity testing for the generation in the control variable wasn't conducted as it's measured by a single indicator.

Convergent Validity Testing reveals that all indicators for succession planning, successor's preparation, family commitment, generation in control, and family business longevity meet the criteria for convergent validity, with outer loading values > 0.50, T-statistics > 1.96, and p-values < 0.05. These indicators effectively measure their respective constructs. The estimation results (Table 1) indicate that all constructs surpass the thresholds for Cronbach's alpha and composite reliability (> 0.70), ensuring good reliability for succession planning, successor's preparation, family commitment, generation in control, and family business longevity constructs. The outer model analysis establishes that all indicators meet convergent validity, discriminant validity, and reliability, endorsing the measurement model's acceptance for further analysis in the inner model.

Cross-loading analysis confirms that all indicators meet discriminant validity criteria by showing higher loading on their respective constructs. The Fornell-Larcker Criterion (Table 2) indicates that the square root of AVE is greater than the correlations between constructs, signifying discriminant validity for succession planning, successor's preparation, family commitment, generation in control, and family business longevity.

The collinearity analysis indicates that VIF values for the paths affecting generation in control—specifically, succession planning, successor's preparation, and family commitment—are all below 5. Hence, they're considered free from collinearity. Similarly, for the paths influencing family business longevity, the VIF values for succession planning, successor's preparation, family commitment, and generation in control are all below 5, signifying their freedom from collinearity.

**Tabel 1. Convergent Validity**

| Construct | Item | Outer Loading | T-Stat | Cronbach's Alpha | Composite Reliability | AVE |
|---|---|---|---|---|---|---|
| Succession Planning | Planned succession | 0.916 | 48.715 | 0.889 | 0.931 | 0.817 |
| | Ease of implementation | 0.912 | 37.769 | | | |
| | Further strategy | 0.883 | 22.056 | | | |
| Successor's Preparation | Formal education | 0.891 | 32.992 | 0.925 | 0.944 | 0.770 |
| | Training | 0.859 | 23.493 | | | |
| | Motivation to join | 0.857 | 22.106 | | | |
| | Entry-level position | 0.857 | 26.243 | | | |
| | Self-perception of preparation | 0.921 | 48.910 | | | |
| Family Commitment | Loyalty and pride | 0.872 | 16.276 | 0.842 | 0.903 | 0.756 |
| | Shared values and goals | 0.848 | 21.537 | | | |
| | Relationship to company vision | 0.888 | 48.365 | | | |
| Generation In Control | Previous generation influences performance | 1.000 | - | 1.000 | 1.000 | 1.000 |
| Family Business Longevity | Financial strength | 0.902 | 28.952 | 0.950 | 0.962 | 0.834 |
| | Customer orientation | 0.885 | 33.047 | | | |
| | Internal capability | 0.927 | 46.934 | | | |
| | Strategic perspective | 0,915 | 39.274 | | | |
| | Learning and growth | 0.937 | 50.830 | | | |

**Table 2. Fornell-Larcker Criterion**

| Construct | X1 | X2 | X3 | Z | Y |
|---|---|---|---|---|---|
| *Succession Planning* (X1) | **0.904** | | | | |
| *Successor's Preparation* (X2) | 0.409 | **0.878** | | | |
| *Family Commitment* (X3) | 0.389 | 0.429 | **0.870** | | |
| *Generation In Control* (Z) | 0.348 | 0.241 | 0.349 | **1.000** | |
| *Family Business Longevity* (Y) | 0.680 | 0.698 | 0.706 | 0.440 | **0.913** |

The $R^2$ values, or coefficients of determination, indicate the level of explanation provided by the model. $R^2$ values range from 0 to 1, according to (Hair J.F., 2017), substantial categories lie at 0.75, moderate at 0.50, and weak at 0.25. The PLS-SEM analysis resulted in weak predictive relevance for the generation in the control construct. This suggests that succession planning, successor's preparation, and family commitment hold moderate relevance in predicting generation in control. Moreover, for family business longevity, the predictive relevance is high, indicating substantial relevance for succession planning, successor's preparation, family commitment, and generation in control in predicting family business longevity.

**Table 3. Coefficient of Determination Analysis**

| Endogenous construct | $R^2$ | Category |
|---|---|---|
| *Generation In Control* (Z) | 0.176 | Weak |
| *Family Business Longevity* (Y) | 0.805 | Substantial/strong |

Source: Smart-PLS data processing

Model fit analysis, assessed via Standardized Root Mean Square Residual (SRMR), gauges the alignment between the model and empirical data. An SRMR value close to zero signifies minimal discrepancies between the model and data. Hair (2017) explained that an SRMR value below 0.08 indicates a good fit, below 0.12 signifies a marginal fit, and above 0.12 indicates a poor fit. The evaluation of the PLS-SEM model shows an SRMR value of 0.070, indicating a good fit, as it is below the threshold of 0.08.

Additionally, model adequacy can be assessed through PLS Predict, which measures predictive capability against a Linear Model (LM). Shmueli et al. (2019) provide criteria for comparison: a) if most indicators in the PLS model yield higher RMSE values compared to the LM, it indicates low predictive power; b) if a minority (or an equal number) of indicators in the PLS model yield higher RMSE values, it suggests moderate to strong predictive power; c) if no indicators in the PLS model yield higher RMSE values than the LM, it signifies high predictive power.

For prediction involving generation in control and family business longevity, comprising a total of 6 indicators, the PLS Predict results in Appendix 9 show that all 9 indicators produce smaller RMSE values in the PLS model compared to the LM. This indicates that no indicator yields higher RMSE values in the PLS model, affirming that the PLS model demonstrates outstanding predictive ability.

According to Table 4, the hypothesis testing on succession planning's impact on the generation in control reveals its vital role in transitioning generations within an organization (Al Suwaidi et al., 2020; Harris & Ozdemir, 2020; Wasim & Almeida, 2022). It showed a positive significant result, therefore hypothesis 1 is accepted. Effective succession planning significantly affects readiness and confidence among previous generations toward their successors (Meier & Schier, 2016). This is reflected in their experience of relinquishing control and passing the leadership baton to the next generation. A strong belief in the success of the succession plan helps create a more open and supportive atmosphere for the next generation to develop (Meier & Schier, 2016). Structured succession plans foster trust, aiding a smoother transition of leadership and creating an open, supportive atmosphere for the next generation to thrive (Cruz & Nordqvist, 2012; Shen, 2018).

**Table 4. SEM PLS Result**

| Influence | *Coeff.* | *T-Stat* | *P-Values* | Description |
|---|---|---|---|---|
| *Succession Planning* (X1) → *Generation in Control* (Z) | 0.238 | 2.498 | 0.013 | $H_1$ accepted |
| *Succession Planning* (X1) → *Family Business Longevity* (Y) | 0.348 | 6.199 | 0.000 | $H_2$ accepted |
| *Successor's Preparation* (X2) → *Generation in Control* (Z) | 0.041 | 0.460 | 0.646 | $H_3$ rejected |
| *Successor's Preparation* (X2) → *Family Business Longevity* (Y) | 0.370 | 7.033 | 0.000 | $H_4$ accepted |
| *Family Commitment* (X3) → *Generation in Control* (Z) | 0.238 | 2.523 | 0.012 | $H_5$ accepted |
| *Family Commitment* (X3) → *Family Business Longevity* (Y) | 0.377 | 6.519 | 0.000 | $H_6$ accepted |
| *Generation in Control* (Z) → *Family Business Longevity* (Y) | 0.098 | 1.974 | 0.049 | $H_7$ accepted |
| *Succession Planning* (X1) → *Generation in Control* (Z) → *Family Business Longevity* (Y) | 0.023 | 2.300 | 0.024 | $H_8$ accepted, *Partially mediation* |
| *Successor's Preparation* (X2) → *Generation in Control* (Z) → *Family Business Longevity* (Y) | 0.004 | 0.417 | 0.677 | $H_9$ rejected |
| *Family Commitment* (X3) → *Generation in Control* (Z) → *Family Business Longevity* (Y) | 0.023 | 2.091 | 0.039 | $H_{10}$ accepted, *partially mediation* |

Effective succession planning will help ensure the family business's longevity by providing qualified and trained leaders to take over (Al Suwaidi et al., 2020). As shown in the table below, succession planning affects positive significantly to family business longevity so hypothesis 2 is accepted. By having trained and qualified leaders, family businesses can minimize risks when leadership changes occur (Perrenoud, 2020). They have the potential to continue the business legacy with consistency, maintaining the original vision while adapting to changing environments and market needs (Hassan & Siddiqui, 2020). In addition, structured and well-planned succession planning also creates stability for employees and suppliers. When leadership changes are irregular or unexpected, this can create uncertainty within and around the company (Zellweger, 2017).

The next hypothesis, successor's preparation shows an insignificant effect on the generation in control so hypothesis 3 is rejected. The results of testing this hypothesis provide information that the preparation of potential successors will not necessarily affect the involvement or control of the previous generation. In the context of succession planning, an important factor is not only the preparation of potential successors, but how previous generations respond to the readiness and success of this process (Hassan & Siddiqui, 2020). The results of this research develop the research of Jahmurataj et al. (2023), and rejects the research of (Chan et al., 2020; Hillebrand, 2019). Some reasons that might explain why the preparation of potential successors does not directly influence the involvement or control of the previous generation may be due to a mismatch in values or vision (Boyatzis & Soler, 2012). The preparation of potential successors may not fully reflect or take into account the values considered important by previous generations, thereby not influencing their level of involvement or control (Camblanne, 2013). The next reason is the difference in approaches or methods delivered or implemented, especially between the next generation and the way expected by the previous generation (Roos & Botha, 2022). This can cause a mismatch in perception or understanding, thereby not affecting the involvement of the next generation.

Preparation of successors plays a pivotal role in family business longevity (Hassan & Siddiqui, 2020). Well-trained leaders minimize risks during leadership transitions, preserving the business's heritage while adapting to changing environments and market needs (Perrenoud, 2020). Structured succession planning fosters stability for employees and suppliers, managing transitions better and instilling confidence in the business's smooth continuity (Avila et al., 2003). Conclude that hypothesis 4 is accepted. The readiness of potential successors in managing a family business does not only involve knowledge about aspects of the business itself, but also involves leadership skills, problem-solving abilities, and adaptation to continuous change (Chan et al., 2020). Research by Hillebrand (2019) and Wasim and Almeida (2022) shows that the mature readiness of potential successors has a direct positive impact on the overall performance of the family business. Those who are thoroughly prepared have a solid foundation to face emerging challenges, implement appropriate strategies, and make decisions that have a significant impact (Hassan & Siddiqui, 2020). As a result, these contributions play an important role in achieving long-term growth and stability for the family business.

Family commitment strongly correlates with family business longevity and generation control (Klein et al., 2005). High commitment among family members tends to trigger active participation across generations in strategic decision-making and company operations (Chan et al., 2020; Harris & Ozdemir, 2020; Razzak et al., 2019; Udin, Dananjoyo, Shaikh, & Vio Linarta, 2022). This finding builds on prior research. Family commitment establishes a solid foundation for synergy and collaboration, leading to increased participation in business management (Klein et al., 2005). The shared responsibility for business success motivates family members to engage more deeply in critical decision-making processes. Additionally, cohesive family values within a family business context may provide a basis for consistent decision-making and operational alignment (Zellweger, 2017). So, hypothesis 5 is accepted. Furthermore, family commitment forms the main foundation in ensuring the continuity of the family business. Their support in succession planning, training successors, and maintaining supportive values not only keeps the family legacy alive but also builds a solid foundation for sustainable business growth (Razzak et al., 2019; Udin et al., 2022). It makes hypothesis 6 accepted as well.

The involvement and control levels of previous generations significantly impact the stability and continuity of family businesses. This intriguing finding extends prior research (Cruz & Nordqvist, 2012; Eddleston, Kellermanns, Floyd, Crittenden, & Crittenden, 2013; Sciascia et al., 2013). When previous generations actively engage in business operations and effectively control various aspects, they directly contribute to the long-term sustainability of KUPVA BB. This underscores the importance of the involvement and control abilities of preceding generations in establishing a strong foundation for family business continuity (Cruz & Nordqvist, 2012; Shen, 2018). These findings affirm that the success of family businesses like KUPVA BB is directly linked to the involvement and control abilities of previous generations. With effective engagement and control of business dynamics, long-term business continuity can be ensured (Cruz & Nordqvist, 2012; Eddleston et al., 2013; Sciascia et al., 2013). Therefore, paying attention to how previous generations are involved and control the business is essential in maintaining stability and ensuring future success for family businesses like KUPVA BB, so the hypothesis 7 is accepted.

Succession planning significantly impacts family business longevity, mediated by generation control (Bloemen-Bekx et al., 2023; Fahed-Sreih & Djoundourian, 2008; Shi et al., 2019). A balanced approach to strengthening both succession planning and the controlling generation is crucial for significant improvements in family business sustainability (hypothesis 8 accepted, partially mediation). However, the influence of successor preparation on family business longevity, mediated by generation control, lacks statistical significance (hypothesis 9 is rejected). Other complex factors may play more dominant or intricate roles in this relationship. These factors can include family members' attitudes towards business (Wang, Wu, & Gong, 2022); the next generation's interest in rising to the top of the company (Baù, Pittino, Sieger, & Eddleston, 2020); personal relationships between relatives (Zhu, Chen, Li, & Zhou, 2013); gender and age of the successor (Ramadani et al., 2020; Baù et al., 2020; Wang et al., 2022).

On the other hand, family commitment significantly influences family business longevity, mediated by generation control (Bloemen-Bekx et al., 2023; Fahed-Sreih & Djoundourian, 2008; Soto Maciel et al., 2015). The existence of this partial mediation confirms that while the family's temporary commitment directly impacts business continuity, the role of generations in control also contributes to strengthening this relationship. Thus, to increase business continuity at KUPVA BB, strengthening family commitment is a crucial factor. However, more than that, a focus on strengthening control generation will provide a significant additional boost to the viability of the business. A balanced approach to strengthening both family commitment and the role of the controlling generation is pivotal for enhancing family business sustainability (Bloemen-Bekx et al., 2023; Fahed-Sreih & Djoundourian, 2008; Soto Maciel et al., 2015).

The research underscores the critical role of succession planning in facilitating smooth generational transitions within organizations (Al Suwaidi et al., 2020; Harris & Ozdemir, 2020; Wasim & Almeida, 2022). Positive significant results support the acceptance of Hypothesis 1, indicating that effective succession planning significantly influences the readiness and confidence of previous generations towards their successors (Meier & Schier, 2016). Structured succession plans not only foster trust but also aid in a seamless leadership transition, creating a supportive environment for the next generation (Cruz & Nordqvist, 2012; Shen, 2018). Additionally, the study reveals the significant impact of succession planning on family business longevity, as evidenced by qualified leaders ensuring business continuity (Al Suwaidi et al., 2020; Hassan & Siddiqui, 2020; Perrenoud, 2020). However, Hypothesis 3, concerning the preparation of successors, is rejected, suggesting that preparation alone may not affect the involvement or control of the previous generation (Hassan & Siddiqui, 2020). Family commitment emerges as a crucial factor in family business longevity, with strong correlations observed between commitment and generational control (Chan et al., 2020; Harris & Ozdemir, 2020; Klein et al., 2005; Razzak et al., 2019; Udin et al., 2022). Moreover, the involvement and control levels of previous generations significantly impact business stability and continuity (Cruz & Nordqvist, 2012; Eddleston et al., 2013; Sciascia et al., 2013). While Hypothesis 8, on the mediation of succession planning and generation control, is partially accepted, the influence of successor preparation on longevity lacks statistical significance (Bloemen-Bekx et al., 2023; Fahed-Sreih & Djoundourian, 2008; Shi et al., 2019). Nonetheless, family commitment plays a pivotal role, with its partial mediation confirming its significance in enhancing business sustainability (Bloemen-Bekx et al., 2023; Fahed-Sreih & Djoundourian, 2008; Soto Maciel et al., 2015). Hence, a balanced approach focusing on both succession planning and the role of the controlling generation is essential for ensuring the longevity and viability of family businesses.

## Conclusion

The research reveals several critical insights regarding family business sustainability. Effective succession planning plays a pivotal role in navigating generational shifts within an organization or entity. It significantly impacts the preparedness and confidence instilled by the preceding generation in their successors. However, the research suggests that successor preparation's impact on business longevity with the controlling generation lacks statistical significance in the case of Money Changers business. Direct family commitment directly affects business sustainability, complemented by the contribution of the controlling generation. Therefore, reinforcing both family commitment and the role of the controlling generation is imperative for sustaining money changer's business operations. This study has certain limitations, which in turn provide opportunities for further research in this field. The sample utilized solely encompasses the management of KUPVA BB within the working area of Bank Indonesia East Java Province. Future investigations might center on professionally managed family-owned enterprises or explore different regions to provide empirical insights for enhancing the sustainable longevity of family firms, an area that remains largely unexplored in the literature. Furthermore, the study's scope is confined to the perspectives of business owners or managers. Future research could explore customer perceptions regarding the longevity of sustainable family firms, offering companies invaluable insights to shape future strategies for sustaining family businesses over time.

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