The Effect of Family Harmony on Family Business Succession

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ARTICLE INFO	ABSTRACT
	The succession process certainly has an important impact on the sustainability of the family business. However, in the process there are several obstacles caused by friction on harmony between family members in a family business. The purpose of this study is to determine the description of family harmony and succession in several family business companies, and to find out how much influence family harmony has on succession in a family business. The object of this research includes three family businesses which are Azka Loundry, Payung Geulis and Kelom Geulis. This research uses a quantitative method with a descriptive verification approach. Quantitative data were obtained using linear regression techniques. The population of this study was 35 people. This study uses a saturated sample where the population size is the same as the sample size. Estimated results in this study indicate that family harmony has a positive influence on family business succession. This research also provides insight into maintaining family harmony to achieve successful succession in the family business.

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1. INTRODUCTION

A harmonious family is a factor that supports individual development in various aspects, supporting current and future individual life. [1] Family harmony plays an important role in running a family business to achieve success in a family business. Businesses owned by family members or family relationships are expected to realize the family vision, that the family business will be passed on from generation to generation. The succession process is the main factor that determines the continuity of generations in relation to the progress, plans and processes of the family under the control of the family business owner (Zhou et al., 2016). According to research, in 2016, the Family Business Alliance of the National Bureau of Economic Research found friction in family harmony related to the succession process. The data shows that only about 43% of family businesses survive from the first generation to the second generation. The conversion rate from the second generation to the surviving third generation is only 12%. Most companies have difficulty in transferring leadership to the next generation, which means that there is friction of family harmony between company owners (previous generation), thus affecting the interests of their successors to continue to rule. From the above problems, it encourages us to conduct research that discusses the effect of domestic harmony on succession in a family business.

Family business succession, as the process of transitioning leadership from generation to generation, is one of the crucial aspects that affect the continuity of the family business. It is important to understand that family

business succession is not only related to the transition of leadership, but there are also other factors that can affect the continuity of the business. Some of the factors that are considered to influence succession include: family harmony A family is said to be harmonious when family members live in love and support each other. Parents and children love each other. There is no selfishness and self-centeredness. Communication, communication is closely related to the subject of communication. Without sincere and open communication, both through words and actions, it is difficult to understand a harmonious family. In honest and authentic communication, each family member can express their thoughts, especially their deepest feelings about what they experience in the family, without fear of rejection, because they know that they accept and love each other. This becomes more realistic if good communication helps to develop personal relationships within the family and society. If family communication runs smoothly, many difficulties and problems can be resolved in a family manner. However, if communication between families is difficult, many family problems and problems cannot be resolved. Good communication will deepen romantic relationships within the family. Good communication will be created if the family relationship is well established, so that you feel safe, secure and peaceful. Therefore, the family atmosphere becomes harmonious. And if the family relationship is not good then everything will be destroyed. A person will not care about other family members. The atmosphere will be chaotic and disorganized and family harmony will never be achieved. This will also greatly affect family communication. A child will not be able to express his opinion. The company environment is the totality (aggregate) of people, organizations, and other forces that are outside the industrial power but can affect production. The environment of a company also means a set of internal and external factors that affect the company's operations in all facilities where the company operates. Things that need attention in the business environment are: The existence of components in the business environment, including internal factors that are at the center of business activities. The seven components are 1) economic (2) political/legal (3) demographic (4) social, (5) competitive, (6) global, (7) technological. In general, the most influential factors are (1) economic, (2) political and legal, (3) demographic, and (4) social.

Based on the reference articles that researchers read, harmony is very important in a succession in a family business, this statement can be proven in Hana Natali's research (2019) which states that family harmony is important because it creates a stable and loving environment. This provides emotional support, strengthens relationships between family members, and creates a healthy foundation for the development of individuals in the family. Ungerer & Mienie (2018) argue that a family business is a business that is managed and controlled by a family member. Family members are employed in family businesses where the family plays an important role in the vision and control of the business. Businesses owned by family members or family ties are expected to achieve the family vision, namely that the family business is continued for several generations. Gagne et al. (2019) examined the influence on family business succession, which is related to trust, perceived autonomy, successor confidence, successor intrinsic motivation and succession outcomes.

Research conducted by Sahril Sinuarta Gani in 2021 with the title "The Effect of Trust and Affective Commitment on Family Continuity Succession in Family Companies at the Family Business Community of Ciputra University Surabaya". The results showed that emotional commitment has a major impact on family business continuity. The study used quantitative research methods with data collection methods in the form of questionnaires distributed to 184 respondents from the Ciputra University Family Business community. This shows that the greater the successor's commitment to the family business, the easier succession in the family's long-term business. The successor's willingness to pursue a career professionally and dedicated to expanding the family company. The courage to sacrifice something and work hard to build the family business is crucial to the success of the descendants of the family business. Descendants who have high affective commitment usually have aligned personal and business values. They accept making sacrifices and taking responsibility to achieve the family company's goals.

Previous research conducted by Rachel Evelyn Cahyadi entitled "Analysis of Family Company Succession in Bandung City" in 2019. In this study using quantitative research methods. The research method uses descriptive analysis, data collection techniques, The company is the target of this research. family that establishes a family relationship and is included in the type of business owned and supervised by the owner's family. The sampling method used is impossibility sampling. Before the data from the research questionnaire is further analyzed, the research measuring instrument is tested for validity and reliability. to determine the validity (validity) and reliability (reliability) of the measuring instrument used.

Research conducted by Canice Gerry Hermawan Tjiang and Ronny H Mustamu in 2014 entitled "DEScriptive STUDY OF LEADERSHIP SUCCESSION PLANNING IN FAMILY COMPANIES IN THE CONSTRUCTION FIELD IN SIDOARJO" The company that is the subject of the research is a house contractor and building material sales company founded by Kwan Budi Utomo in 1997. The company is located in Sidoarjo and has been operating since 1997. The construction company that is the subject of the study is a family company that is directly held by the owner of the company. The focus of the research is on family enterprises (FBEs), which are owned and managed by family members of the founder, based on the type of family enterprise. The family holds ownership and management. The data analysis used is descriptive.

The 2021 study by M. Ary Abdala Isron titled "The Effect of Succession Planning, Inter-Family Relationships, and Trust on the Success of Business Succession in the Ciputra University Family Business Community". This research was conducted with a descriptive quantitative method, which collected data through a questionnaire with 82 people participating. The probability sample technique was used for sampling. Analysis was conducted using multiple linear regression. In this study, there are four independent variables: succession planning, family relationships, and trust as independent variables; and family business succession success as the dependent variable. The results showed that these three independent variables strongly influenced the dependent variable.

Therefore, this study aims to explain and analyze the relationship between family harmony factors and the smooth succession process in the context of family businesses. This study also examines the extent to which family harmony influences the smooth succession in the family business. Based on preliminary observations, there is a suspicion that harmony in the family can have a positive effect on family business succession. This study aims to quantitatively test this hypothesis by collecting data on family harmony and linking it to indicators of successful family business succession. It is hoped that the findings from this study can provide valuable insights for understanding the factors that influence family business succession and the implications for the management and sustainability of family businesses.

2. RESEARCH METHOD

This research was conducted using quantitative research methods with a descriptive verification approach. Quantitative research method is a research method that uses a positive philosophical foundation by looking at a phenomenon to examine a particular population or sample. In this study, a population of 35 respondents was taken with the object of research from family business companies in Tasikmalaya including Azka Laundry, Payung Geulis and Kelom Geulis.

This research begins with identifying problems, compiling theoretical studies, collecting and processing data to data interpretation. This study uses data collection techniques with research instruments in the form of questionnaires with answers given in the form of measurements through a Likert scale addressed to 35 respondents involved in a sample of three family business companies Azka Laundry, Payung Geulis and Kelom Geulis. A research instrument is a tool used to measure observed natural and social phenomena (Sugiyono, 2018). The Likert scale used in this study with the following conditions:

Score 1: Strongly Disagree
Score 2: Disagree
Score 3: Agree
Score 4: Strongly Agree

After the data is collected, it is continued with instrument testing which is carried out by validity and reliability tests. Furthermore, data analysis is carried out with analysis techniques using classical assumption tests, namely normality test, linearity test, multicollinearity test, autocorrelation test, and heteroscedasticity test. Then a simple linear regression test and hypothesis testing were carried out using the help of *Statistical Product and Service Solution Software.*

3. RESULTS AND DISCUSSIONS

Data Analysis Technique

Reability validity test is a testing tool used in this study. Data analysis was also carried out using techniques such as linear regression, coefficient of determination, descriptive statistics, and classical assumption tests such as normality, multicollinearity, heteroscedasticity, linearity, and autocorrelation.

Descriptive Statistics

Descriptive statistics discuss the process of collecting, compiling, managing, and presenting data to provide an organized, concise, and clear description of a situation or event. Descriptive statistical analysis is used to explain the quality of the questionnaire results that we have distributed. This includes the highest, lowest, mean, and standard deviation values.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
Family Harmony (X)	35	16	3225	,23		3,758
Succession (Y)		35	13	2821	,37	3,598
Valid N (listwise)		35				

Source SPSS 26 (2023)

The descriptive statistics table above shows that the family harmony variable has the lowest value of 16, and the highest value of 32, with an average of 25.23 and a standard deviation of 3.758, while the succession variable has the lowest value of 13, and the highest value of 13, with an average of 21.37 and a standard deviation of 3.598. The research data above comes from 35 respondents.

Simple Linear Regression

The independent variable of the study, household harmony, will be calculated using simple linear regression analysis. as well as the fixed variable (Y) shown as succession. This analysis assumes that there is a linear relationship between the dependent variable (Y) and the independent variable (X). As a result, a linear equation is obtained. The amount of influence of the independent variable (X) on the dependent variable (Y) can be calculated by the regression coefficient. On the other hand, a value known as the correlation coefficient will be used to determine how strong or weak the relationship between the two is.

Table 2. Simple Linear Regression Model
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	tSig
1 (Constant) 8,340	3,578			2,331 0,026
Harmony 0.517 0.140 Family		0,540 3,681 <,001		

Source SPSS 26 (2023)

Based on the table above, the results of the simple linear regression model equation in this study are:
Y = a + bX
Y = 8.340+ 0.517X

The simple linear regression model equation above shows that the constant value a = 8.340 and is positive. If communication, the independent variable, is 0, then succession, the dependent variable, is 8,340.

Coefficient of Determination (R)

The coefficient of determination (R2) test is used to determine the proportion or contribution of the influence of the independent variable on the dependent variable as a whole. The analysis results show that the coefficient of determination (R2) is 0.291, or 29.1 percent.

Table 3. Test Coefficient of Determination (R)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,540	0, 291	0,270	3,075

Source SPSS 26 (2023)

The table above shows the value of correlation/relationship (R), which is 0.540, and the coefficient of determination (R square) of 0.291 from the output. This shows that the effect of the independent variable, Communication, on the dependent variable, success, is 29.1%.

4. CONCLUSION AND RECOMMENDATION

Based on the results of the research and discussion related to the influence of family harmony on family business succession, it can be concluded that there are variations in the level of family harmony in the family business companies studied. Factors such as communication, conflict resolution, and family member involvement play a role in shaping family dynamics. The level of family harmony positively affects the smooth succession process. Harmony provides a stable and supportive foundation in transferring leadership from one generation to the next.

Open communication and careful succession planning proved to be critical in optimizing the influence of family harmony on succession. Families with effective communication and good planning are better able to overcome succession challenges.

For future research, it is recommended to expand the research sample. Involving a larger and more diverse sample from different industries and geographies to expand the generality of the findings. Furthermore, it is recommended to conduct longitudinal research to understand changes in family harmony and its impact on sustainable family business success. And we recommend using more advanced analytical techniques such as multiple regression models or path analysis to understand the relationships between complex variables. These suggestions are expected to help future researchers to deepen their understanding of the influence of family harmony on family business success.

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