THE INFLUENCE OF TRADITION, SUCCESSION PLANNING, AND FAMILY CONFLICT ON THE CONTINUITY OF CROSS-GENERATIONAL FAMILY BUSINESSES

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Abstract
This study aims to analyze the influence of family tradition, succession planning, and family conflict on the intergenerational continuity of family businesses in Indonesia. A quantitative explanatory approach was employed, with data collected through questionnaires distributed to more than 150 respondents who were members of family-owned businesses operating across generations in the Greater Jakarta (Jabodetabek) area. The results show that family tradition, succession planning, and family conflict significantly affect the intergenerational continuity of family businesses. Family tradition plays a vital role in preserving the identity and values that strengthen organizational stability. Well-structured succession planning ensures a smooth leadership transition and supports business sustainability. Meanwhile, family conflict can have both positive and negative impacts constructive conflict fosters innovation, whereas destructive conflict may threaten business continuity. The coefficient of determination (R^2) of 0.756 indicates that the three independent variables together explain 75.6% of the variance in family business continuity. These findings emphasize that the success of Indonesian family businesses is determined not only by economic performance but also by maintaining a balance between traditional values, professionalism, and effective family governance.

Keywords: family tradition, succession planning, family conflict, family business, intergenerational continuity

1. Introduction

Family businesses are a form of economic organization that plays a vital role in both the global and national economies. Generally, a family business can be defined as a company owned and managed by one or more family members, with family involvement in ownership and strategic decision-making being a key element (Ramadani et al., 2022). Characteristics that distinguish family businesses from other business models include the emotional connection between the family and the company, a long-term orientation, and a desire to maintain continuity across generations (Basco & Calabrò, 2023).

In Indonesia, family businesses are the backbone of the economy, contributing a significant portion of the workforce and contributing to the national GDP. According to a 2022 report by PwC Indonesia, more than 80% of businesses in Indonesia are family-owned, whether micro, small, or medium-sized. Despite their significant contribution to economic growth, most family businesses in Indonesia face challenges in maintaining intergenerational continuity. A study by Wibowo and Setiawan (2023) showed that only around 30% of family businesses survive to the second generation, and less than 10% reach the third generation.

The dynamics of family businesses in Indonesia are inextricably linked to strong socio-cultural characteristics, such as the values of mutual cooperation, respect for elders, and a strong family hierarchical structure. These values give family businesses their distinct identity, but in some cases can also present obstacles to the implementation of modern management systems (Santoso & Wijaya, 2024). Unlike the family business model in Western countries, which prioritizes professionalism and meritocracy, many family businesses in Indonesia still prioritize personal relationships and social security above rational economic considerations (Hendrawan, 2023).

Intergenerational business continuity is a key indicator in assessing the success of family businesses. Factors such as adaptability to change, readiness for leadership succession, and internal social stability are key to ensuring this continuity (Nguyen & Nguyen, 2021). However, this continuity is often affected by internal family dynamics, such as the placement of family members in strategic positions without competency evaluation, the emergence of differing visions between generations, and the absence of systematic succession planning. These challenges are not merely managerial issues but also social issues rooted in the value systems and relationships between family members.

This research aims to understand how internal family social factors can influence the sustainability of intergenerational businesses in Indonesia. This study is important because many family businesses with high economic potential fail to survive due to unpreparedness in managing their social and structural aspects. Furthermore, this research offers a new perspective on the concept of family business sustainability in Indonesia—that sustainability is determined not only by economic factors and innovation, but also by social stability and structural clarity within the family business itself.

The dependent variable in this study is intergenerational family business sustainability (Y), which measures the family firm's ability to survive and thrive through intergenerational leadership transitions. This sustainability is determined not only by economic performance but also by the ability to adapt to social and structural changes (Nguyen & Nguyen, 2021). According to the Deloitte Family Enterprise Survey (2023), only around 35% of family businesses in Southeast Asia survive to the second generation, and less than 12% reach the third generation. The main contributing factors are weak internal governance and social conflict within the family. Therefore, internal social aspects such as relationships between family members and leadership patterns are important determinants of family firm sustainability.

The first variable (X_1 – Nepotism) describes the practice of placing family members in strategic positions without considering professional competence. Research by Rachmawati and Dwiastuti (2022) found that nepotism in family businesses in Indonesia tends to reduce managerial objectivity and the productivity of non-family employees. However, another study by Park and Kim (2023) in South Korea showed the positive side of moderate nepotism, where high trust between family members can accelerate strategic decision-making and reduce coordination costs. These differences in findings indicate that the influence of nepotism on business sustainability is not universal, but rather depends on the cultural context and managerial capacity of the family.

The second variable (X_2 – Family Conflict) relates to differences in vision, values, and interests between family members or between generations. Conflict often arises when the new generation brings a more modern business perspective, while the older generation still adheres to conservative principles (Wijaya & Rahardjo, 2023). Several studies have shown that family conflict has a negative impact on innovation and sustainability (Sorenson & Thomas, 2021), as it hinders coordination and slows decision-making. However, there is also a view that conflict can be a catalyst for positive change when managed openly and constructively (Bakar & Ahmad, 2024). Thus, the effect of family conflict on business sustainability can be ambivalent, depending on the level of

communication and governance structure implemented.

The third variable (X_3 – Unplanned Succession) is the most crucial issue in the sustainability of family businesses. Research by Zahra and Debicki (2022) shows that approximately 47% of global family business failures occur due to the lack of a clear succession plan. In Indonesia, this is further complicated because the leadership system is often still based on seniority, not competence (Wibowo & Setiawan, 2023). However, a study by Chen et al. (2024) shows that family businesses that begin implementing meritocracy-based succession planning have a 1.8 times higher probability of survival than those without a plan. This underscores the importance of strategic planning in intergenerational transitions, especially in countries with a strong family culture like Indonesia.

Given the pros and cons of each of these factors, research into the influence of nepotism, family conflict, and unplanned succession on the sustainability of family businesses across generations is crucial. The urgency lies in the need to understand how these internal factors are managed to prevent them from becoming obstacles. Practically, the research findings can provide insights for family business owners in formulating more effective sustainability strategies. Academically, this research can enrich the literature on family businesses, focusing on a local context that has been relatively under-researched, particularly in Southeast Asia.

This research context stems from the need to find root solutions to internal social problems within Indonesian family businesses. Many previous studies have highlighted economic and managerial factors, but few have emphasized the social and structural dimensions of the family as a key factor in sustainability. Therefore, this research focuses on formulating an empirical relationship between nepotism, family conflict, and unplanned succession on cross-generational business continuity within the Indonesian cultural context. With this approach, it is hoped that a new conceptual model will emerge that is more contextual to Indonesian social conditions, where family values are maintained but balanced with professionalism and modern governance.

The novelty of this research lies in the integration of the social dimension of family and cross-generational business sustainability, a focus rarely seen in previous studies. Previous studies have focused more on innovation and professional leadership as key factors for sustainability (Basco & Calabrò, 2023; Hendrawan, 2023). Meanwhile, this study attempts to demonstrate that the success of business succession and sustainability in Indonesia is determined not only by economic factors and innovation, but also by the family's internal social stability, transparency in leadership, and the ability to balance family values with professional principles. Thus, this study provides theoretical and practical contributions to a new understanding of how family businesses in Indonesia can maintain their sustainability without losing their foundational cultural identity.

2. Literature Review

The theory describes the potential for conflicts of interest in business organizations. In the context of family businesses, this theory illustrates the potential for conflicts of interest to arise when decision-making is based on family relationships rather than professional competence (Rachmawati & Dwiastuti, 2022). The practice of nepotism (X_1) can lead to a decrease in organizational objectivity and efficiency if family members are placed in strategic positions without evaluating their abilities.
In contrast, Stewardship Theory is the Theory of Organizational Innovation.

2.1 Theoretical Basis

This section explains the main theories that form the basis of the research and their relationship to the research variables, namely nepotism (X_1), family conflict (X_2), unplanned succession (X_3), and cross-generational family business continuity (Y). The theories used help understand the social, structural, and leadership dynamics in the context of family businesses in Indonesia.

2.1.1 Agency and Stewardship Theory in Family Business

Agency Theory explains the relationship between family members in a business, emphasizing that they are intrinsically motivated to uphold the company's vision and values due to a sense of moral responsibility and emotional bond (Chen et al., 2024). Within this framework, loyalty and a sense of belonging can actually increase commitment to business continuity across generations (Y). These two

theories complement each other: Agency Theory highlights the potential dysfunction caused by excessive nepotism, while Stewardship Theory explains how family values can strengthen business stability and sustainability when managed professionally.

2.1.2 Social Conflict Theory

Social Conflict Theory is used to understand the dynamics of intergenerational or interfamily conflict (X_2). In family businesses, conflict often arises due to differences in values, vision, and leadership styles between the founding and succeeding generations (Wijaya & Rahardjo, 2023). According to Sorenson and Thomas (2021), unresolved conflict can reduce coordination, communication, and trust within an organization, thus hindering cross-generational business continuity (Y).

However, this theory also emphasizes that conflict is not always destructive. When managed through open communication and participatory governance systems, conflict can be a catalyst for organizational innovation and learning (Bakar & Ahmad, 2024).

Thus, family conflict has two sides: a source of social tension and an opportunity for business strategy renewal.

2.1.3 Succession Theory and Generational Leadership

Generational Succession and Leadership Theory focuses on the importance of succession planning (X_3) in maintaining business continuity across generations. According to Zahra and Debicki (2022), the failure of many family businesses is due to the lack of systematic leadership transition planning. The absence of a succession plan creates uncertainty, increases the potential for conflict, and undermines the company's strategic direction.

In contrast, research by Chen et al. (2024) shows that family businesses that implement a meritocratic succession system and train potential successors have a 1.8 times higher chance of survival than those that don't. Therefore, this theory emphasizes that well-prepared leadership is a crucial element in business sustainability across generations (Y).

2.1.4 Organizational Innovation Theory

Organizational Innovation Theory explains how adaptation, organizational learning, and professionalization play a crucial role in maintaining the competitiveness of family businesses across generations (Basco & Calabrò, 2023). In the context of this research, innovation is influenced by how families manage conflict (X_2) and succession processes (X_3) to adapt to changes in the business environment.

Family businesses that foster a culture of learning, open communication, and professionalism are better able to maintain business sustainability (Y) amidst generational change (Nguyen & Nguyen, 2021). Thus, this theory provides a foundation for understanding how the combination of family values and innovation can ensure the future sustainability of family businesses.

2.1.5 Relationship between variables

Based on the theories above, this study emphasizes that nepotism (X_1), family conflict (X_2), and unplanned succession (X_3) are internal social factors that influence the sustainability of family businesses across generations (Y). Agency and Stewardship Theory explains the role of the family as a business controller and its impact on loyalty and professionalism; Social Conflict Theory explains intergenerational dynamics; Succession Theory highlights the importance of leadership transition planning; while Organizational Innovation Theory explains how learning and adaptation support long-term sustainability.

2.2. Previous Studies

This section discusses previous research findings relevant to each variable in the study, namely X_1 (Nepotism), X_2 (Family Conflict), X_3 (Unplanned Succession), and Y (Cross-Generation Family Business Continuity). Each subsection contains supporting (pro) and conflicting (con) findings to strengthen the theoretical basis of this study.

2.2.1 Research on Nepotism and Family Business Performance (X_1)

Research on nepotism in family businesses has yielded mixed results. Pro studies suggest that nepotism can strengthen internal trust, loyalty, and long-term ownership stability. Park and Kim (2023) found that moderate levels of nepotism actually increase the speed of strategic decision-making due to the mutual trust among family members. These findings align with Socioemotional Wealth Theory, which explains that emotional bonds can be a source of organizational stability.

Conversely, counter-studies highlight the negative impact of nepotism on professionalism and the objectivity of managerial decisions. Rachmawati and Dwiastuti (2022) show that excessive nepotism in Indonesian family businesses reduces the performance of non-family employees and hinders innovation due to the dominance of non-competency-based decision-making. Thus, the impact of nepotism on business sustainability is ambivalent, depending on the extent to which the company is able to balance family values with professional principles.

2.2.2 Research on Family Conflict (X_2)

Family conflict is a central issue in family business studies because it directly relates to communication and intergenerational relationships. Studies show that constructively managed conflict can foster diversity of ideas and encourage strategic innovation. Bakar and Ahmad (2024) found that open communication and participatory governance systems can transform conflict into a learning momentum for the organization and strengthen the company's adaptability.

Meanwhile, counter-research shows that destructive conflict reduces organizational performance and weakens family cohesion. Sorenson and Thomas (2021) suggest that differences in values and visions between generations often trigger tensions that hinder coordination and erode internal trust. Research by Wijaya and Rahardjo (2023) also confirms that unresolved conflict can trigger structural divisions and threaten the sustainability of cross-generational businesses.

2.2.3 Research on Succession in Family Business (X_3)

Leadership succession is a key factor in the sustainability of family businesses. Studies show that systematically planned succession can improve business sustainability. Chen et al. (2024) found that family businesses that implement a meritocracy-based succession system have a 1.8 times higher chance of survival than those without succession planning. Research by Wibowo and Setiawan (2023) also emphasizes the importance of successor training and a clear division of responsibilities in the leadership transition process.

Conversely, counter-studies show that succession without a formal structure often leads to uncertainty about business direction and internal conflict. Zahra and Debicki (2022) state that approximately 47% of global family business failures are caused by the lack of a clear succession plan, which leads to a loss of employee trust and reduces the company's competitiveness.

2.2.4 Research on Innovation and Sustainability of Family Businesses (Y)

Innovation plays a crucial role as a bridge between family traditions and adaptation to the modern market. Basco and Calabrò (2023) highlight that the success of family businesses depends on the ability to balance traditional values and organizational innovation. Research by Nguyen and Nguyen (2021) found that social capital and organizational structures that support collective learning contribute to cross-generational sustainability.

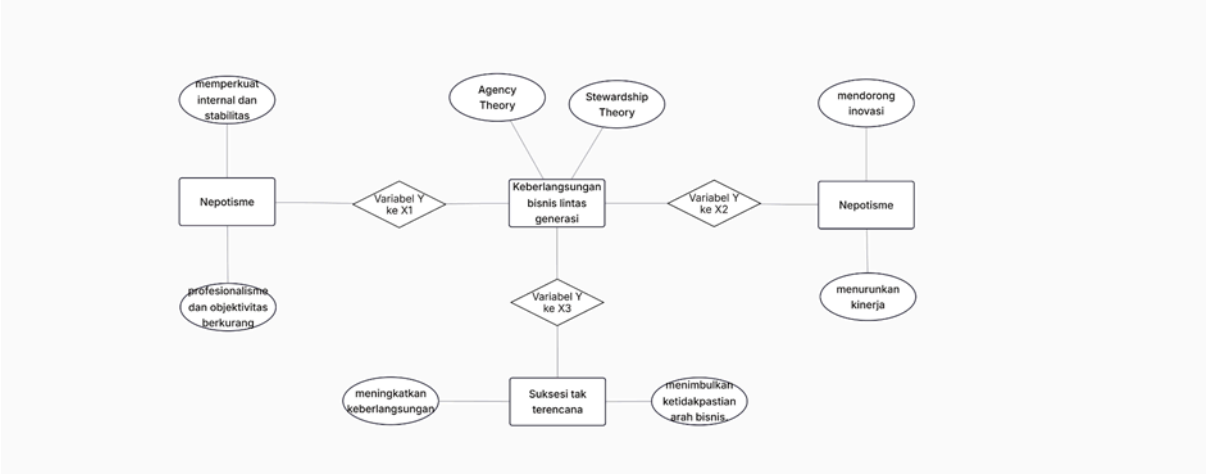
These studies show that innovation encompasses not only product or technological aspects, but also social innovations such as management professionalization, transparent role allocation, and governance system reform. Thus, innovation serves as an adaptation mechanism that allows family businesses to maintain their identity while adapting to changes in the business environment.

In studies of the continuity of family businesses across generations, the dynamics of relationships between family members play a crucial role in determining the direction and stability of the organization. Based on the Agency Theory framework (Jensen & Meckling, 1976), family businesses are vulnerable to agency problems due to the overlap between ownership and management. This condition often gives rise to decisions driven by emotional interests, rather than rational and professional considerations. One concrete manifestation of this phenomenon is nepotism (X_1), the

practice of placing family members in strategic positions without considering objective qualifications and competencies.

2.3. Conceptual Framework

This section describes the relationship between the research variables. Content framework: Define each variable (X_1, X_2, X_3, and Y).



X_1 – Nepotism → Y (Family Business Continuity Across Generations)

In theory, nepotism has two opposing effects.

According to Agency theory, nepotism can disrupt professionalism and objectivity in decision-making.

Because key positions are filled based on family ties, not ability, this can lead to inefficiency and hinder innovation, potentially reducing business continuity from generation to generation.

However, according to Stewardship theory, if families are given responsibility, they tend to be more loyal, feel a sense of belonging, and create internal stability.

Because they view the business as a family legacy that must be preserved. In this context, professionally managed nepotism can actually strengthen commitment and business continuity.

X_2 – Family Conflict → Y (Family Business Continuity Across Generations)

Based on social conflict theory, the emergence of conflict in family businesses is normal due to differences in values, visions and interests between generations:

Destructive conflict (unresolved, ego-filled, and power-hungry) will reduce cooperation, communication, and trust, which ultimately weakens the business.

Meanwhile, constructive conflict can actually be the cause of the emergence of new ideas and learning for the organization.

If managed openly and involving all parties, conflict can encourage teams to be more adaptive and innovative.

X_3 – Unplanned Succession → Y (Family Business Continuity Across Generations)According to succession theory, generational leadership, and stewardship theory:

Unplanned succession can lead to unclear business direction, no replacement leader, and the emergence of conflict due to competition to occupy the position.

This makes the organization unstable and at risk of failure in the process of replacing leaders from one generation to the next.

On the other hand, planned succession by training potential successors and implementing a meritocratic system can strengthen business continuity.

This is because the leadership transfer process went well and family values were maintained.

2.4.Relationship Between Variables (Hypothesis Development)

Theoretically, nepotism can create distortions in the corporate governance system. When family members dominate key positions without the appropriate capacity, this creates structural inefficiencies and weakens internal control mechanisms. Based on research by Minichilli et al. (2021), nepotism that is not balanced by professionalism has the potential to reduce organizational performance and weaken business continuity across generations (Y). Conversely, according to Arzubiaga et al. (2022), family involvement regulated through the principle of transparency can strengthen the values of loyalty and organizational continuity. Thus, theoretically, it can be concluded that nepotism has the potential to negatively impact family business sustainability, especially when the practice ignores meritocracy and managerial objectivity.

Furthermore, family conflict (X_2) is also a crucial determinant of family business sustainability. According to Social Conflict Theory (Coser, 1956), conflict arises as a natural consequence of social interactions involving differences in interests, perceptions, and values. In the context of family businesses, conflict is often triggered by differences in vision between generations, disproportionate distribution of power, and disagreements over company strategy. Destructive conflict can reduce management effectiveness, slow decision-making processes, and lead to organizational instability (Daspit et al., 2021). However, the same theory also recognizes that constructive conflict can spark creativity and innovation when managed with open communication and effective resolution mechanisms (Santos et al., 2022). Thus, conceptually, the relationship between family conflict and family business sustainability is negative when the conflict is destructive, but can be positive when the conflict is managed productively through a collaborative approach.

Furthermore, unplanned succession (X_3) is a fundamental factor determining the sustainability of family businesses. According to Stewardship Theory (Davis, Schoorman, & Donaldson, 1997), intergenerational business success depends on the leader's ability to instill family values while guiding the organization toward innovation and sustainability. When succession is not carefully planned, organizations lose strategic direction, experience a leadership vacuum, and face operational uncertainty. A study by Le Breton-Miller & Miller (2021) confirms that failure to plan for succession is a major cause of the collapse of family businesses in the second and third generations. Theoretically, this can be explained through the concept of continuity gaps, namely leadership gaps that hinder knowledge transfer and adaptation to changes in the business environment. Therefore, unplanned succession negatively impacts the sustainability of family businesses by weakening organizational continuity and reducing managerial stability.

These three independent variables are systematically interrelated in influencing the dependent variable, namely the sustainability of family businesses across generations (Y). Based on the Resource-Based View (Barney, 1991), families are unique resources that can provide a sustainable competitive advantage if managed professionally. However, excessive nepotism, unmanaged conflict, and unplanned succession will turn family resources into liabilities that hinder long-term growth. These three factors interact with each other: nepotism often triggers internal conflict, while unresolved

conflict worsens the succession process. In the long term, the combination of these three will reduce organizational effectiveness and threaten the sustainability of businesses across generations.

Referring to the theoretical basis above, the following research hypothesis is proposed: H_1: Nepotism has a negative effect on the sustainability of family businesses. H_2: Family conflict has a negative effect on the sustainability of family businesses. H_3: Unplanned succession has a negative effect on the sustainability of family businesses.

Conceptually, these three hypotheses represent an integrative approach between Agency Theory, Social Conflict Theory, Stewardship Theory, and the Resource-Based View to explain how internal family dynamics can be a key determinant of cross-generational business sustainability. Thus, this research is expected to provide novelty in broadening theoretical understanding of the interaction between family structure, management governance, and organizational sustainability in the context of family businesses in Indonesia.

2.5. Research Gap and Novelty

Previous studies on family businesses have focused more on economic and managerial aspects, such as innovation, professional leadership, and growth strategies (Basco & Calabrò, 2023; Hendrawan, 2023). However, there are still few studies that deeply discuss the internal social dimensions of the family as a determining factor for cross-generational business sustainability, especially in the context of Indonesian culture which has strong family values, spirituality, and social hierarchy.

On the other hand, previous research was conducted in Western countries, characterized by a strong emphasis on professionalism and meritocracy, so the results may not be relevant to the local Indonesian context. Furthermore, research on nepotism, family conflict, and unplanned succession simultaneously within a single conceptual model is still limited.

The novelty of this research lies in its integrative approach, which combines three key social factors: nepotism, family conflict, and succession planning, into the sustainability of family businesses across generations. This research also presents a new perspective: that family business sustainability is determined not only by economic factors but also by internal social stability and professional family governance.

Theoretically, this research broadens understanding of how family values can be harmonized with the principles of professionalism in family businesses in Indonesia. Practically, the findings are expected to help family business owners develop sustainability strategies that balance traditional values with the needs of modernization.

2.6. Chapter Summary

Chapter II explains the theoretical foundation and data that form the basis of this research. Some of the main theories used include Agency Theory and Stewardship Theory to explain the role of the family as a business controller; Social Conflict Theory to understand the dynamics of intergenerational conflict; Generational Succession and Leadership Theory to highlight the importance of succession planning; and Organizational Innovation Theory to explain the role of adaptation and professionalization in maintaining business sustainability across generations.

Research shows mixed results: nepotism can strengthen internal trust but can also undermine professionalism and risk triggering family conflict. Family conflict can also be a source of innovation if managed constructively, but if not managed well, it can threaten business continuity.

Thus, Chapter II emphasizes that the success of a family business is not only determined by economic aspects, but also by the balance between family values, professionalism, and social innovation that supports sustainability across generations.

3. Methods

3.1. Types and Approaches of Research

This study uses a quantitative approach with an explanatory research method. The quantitative approach was chosen because this study aims to analyze and measure the influence of the

independent variables—family traditions (X_1), succession planning (X_2), and family conflict (X_3)—on the dependent variable, namely the sustainability of family businesses across generations (Y).

The explanatory method was used because this research not only describes phenomena but also explains the causal relationships between variables. Therefore, the research results are expected to provide empirical evidence regarding the influence of tradition, succession planning, and family conflict on maintaining business sustainability across generations.

This approach relies on primary data obtained through questionnaires distributed to respondents who are members of multigenerational family business owners. The collected data were then analyzed using multiple linear regression analysis to test the hypotheses. According to Nguyen & Nguyen (2021), a quantitative approach is effective for assessing social factors in the context of family businesses because it provides objective measures of the multidimensional interplay between variables.

3.2. Research Location and Population

This research was conducted on family businesses in the Greater Jakarta area (Jakarta, Bogor, Depok, Tangerang, and Bekasi) because this area has a high number of family businesses and reflects Indonesia's cultural diversity. This location is also relevant to the research context, which highlights traditions and social dynamics across generations within business families.

The population in this study was all owners and family members involved in cross-generational business management, whether in the first, second, or third generation. This population was selected because they play a direct role in decision-making, succession planning, and family conflict management.

The exact population size is unknown because there is no official database that records family businesses by generation. Therefore, the researchers used a non-probability sampling technique with a purposive sampling approach, which selects the sample based on specific criteria. The respondent criteria included:

1. The business is managed by at least two generations of the family.
2. One of the family members is active in operational management.
3. Respondents understand the aspects of tradition, succession planning, and conflict in family businesses.

Based on these criteria, this study involved 100 respondents obtained through online and in-person questionnaires. This number is considered representative, in accordance with Hair et al.'s (2021) opinion, which states that the minimum sample size for multiple regression is 5–10 times the number of independent variables.

3.3. Research Location and Population

This study consists of three independent variables (X_1, X_2, X_3) and one dependent variable (Y), with the following description:

1. Tradition (X_1) Tradition encompasses values, norms, and customs passed down within the family and influence business decision-making. The tradition indicator is adapted from Basco & Calabrò (2023), namely:
    - Family values passed down through generations.
    - Family culture based business practices.
    - Loyalty to family principles and ethics.
    - Preserving family reputation in business.
2. Succession Planning (X_2) Succession planning is the process of planning the transfer of leadership and business responsibilities from the founding generation to the next generation. Indicators adapted from Chen et al. (2024) and the Deloitte Family Enterprise Survey (2023), namely:
    - Clarity of formal succession plans.

- Involvement of the next generation in management.
- Successor competency readiness.
- Intergenerational communication regarding leadership transition.

3. Family Conflict (X_3)
   Family conflict refers to tensions or differences of interest between family members involved in a business. Indicators compiled by Sorenson & Thomas (2021) and Wijaya & Rahardjo (2023) include:
   - Frequency of disagreements in business decisions.
   - The influence of emotions in decision making.
   - Internal conflict resolution mechanisms.
   - The impact of conflict on performance and work relationships.
4. Family Business Sustainability Across Generations (Y) This variable describes the business's ability to survive and thrive from one generation to the next. The indicator is adapted from Zahra & Debicki (2022) and Wibowo & Setiawan (2023), namely:
   - Stable business performance across generations.
   - The readiness of the next generation to continue the business.
   - Adaptation to market changes.
   - Family commitment to business sustainability.

Each indicator is measured using a 5-point Likert scale, with scores ranging from 1 (strongly disagree) to 5 (strongly agree).

3.4. Data Collection and Analysis Techniques

Primary data was obtained by distributing questionnaires to respondents using Google Forms and conducting informal interviews to clarify answers. The questionnaire was divided into two sections:

1. Respondent identity data (age, position in business, generation).
2. Closed statements based on variable indicators.

Before use, the questionnaire was tested for validity and reliability on 30 initial respondents. A statement item was declared valid if the calculated r value was greater than the table r value (0.30) and reliable if the Cronbach's Alpha was greater than 0.70.

The collected data was analyzed using the SPSS version 26 program with the following stages:

1. Classical Assumption Test (normality, multicollinearity, heteroscedasticity).
2. Multiple Linear Regression Test to test the influence of independent variables on dependent variables.
3. Partial t-test to determine the influence of each variable individually.
4. F test (simultaneous) to determine the influence of all independent variables together.
5. The coefficient of determination (R^2) is used to see how much variation in family business sustainability is explained by the independent variables.

The analysis results were then interpreted statistically and linked to relevant theories from previous studies such as Ramadani et al. (2022) and Park & Kim (2023).

3.5. Research Procedures

The research steps are carried out systematically through several stages:

1. Preparation Stage
   - Literature study of related theories and journals such as Bakar & Ahmad (2024) and Santoso & Wijaya (2024) to understand the concepts of tradition, succession, and conflict.
   - Preparation of research instruments (questionnaires) based on predetermined indicators.
   - Consult the instrument with the supervising lecturer to ensure the validity of the content.

2. Data Collection Stage
   - Distribution of questionnaires to respondents online and in person.
   - Data collection took place over two weeks.
   - Checking data completeness and eliminating invalid answers.
3. Data Processing Stage
   - The data was input into SPSS, validity and reliability tests were carried out.
   - Followed by classical assumption tests and multiple regression analysis.
4. Analysis and Interpretation Stage
   - The regression results are interpreted based on the significance of each variable.
   - Linked to empirical theory from relevant literature.
5. Reporting and Evaluation Stage
   - Compiling the analysis results into a research report.
   - Drawing conclusions and suggestions based on the results of hypothesis testing.

This procedure is designed so that research can proceed systematically and produce scientifically valid findings.

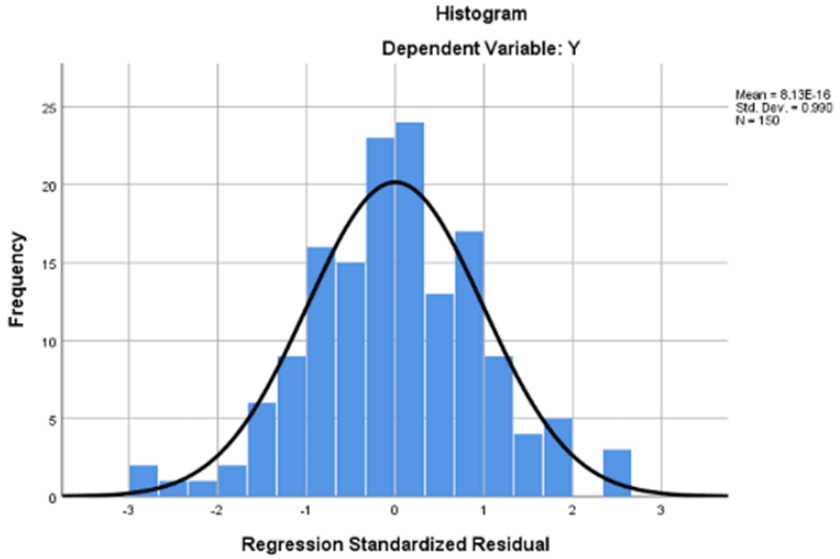
4. Results and Discussion

4.1. Data Collection and Analysis Techniques

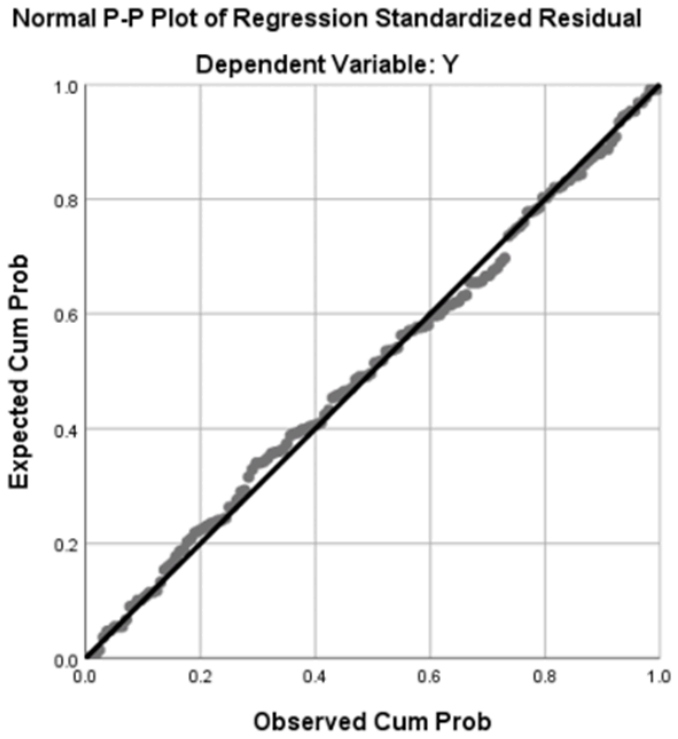
Classical Assumption Test

a. Normality Test

The purpose of the normality test is to determine whether the data obtained from each variable analyzed actually follows a normal distribution pattern or not. The variable normality test is carried out using the Kolmogorov-Smirnov formula. The rule used to determine whether a distribution is normal or not is $p > 0.05$ the distribution is declared normal, and if $p < 0.05$ the distribution is said to be abnormal.



The following histogram also indicates that the data is normally distributed because the graph is normal and does not deviate to the right or left. The normal plot also supports the results of the histogram test.



Based on the P-Plot image, it can be seen that the points follow and approach the diagonal line so it can be concluded that the regression model meets the normality assumption.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		150
Normal Parametersa,b	Mean	.0000000
	Standard Deviation	1.96449490
Most Extreme Differences	Absolute	.045
	Positive	.038
	Negative	-.045
Test Statistics		.045
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

From the results of the classical assumption test to test the normality of the residuals, namely using the One Sample Kolmogorov-Smirnov (KS) test, the significance value was 0.200 which was more than alpha (0.05). These results indicate that the residuals were normally distributed.

b. Multicollinearity Test

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1.288	.987		-1,306	.194		
	X1	.512	.066	.412	7,794	.000	.598	1,671
	X2	.388	.073	.296	5,325	.000	.539	1,856
	X3	.462	.076	.320	6,058	.000	.600	1,667

a. Dependent Variable: Y

From the calculations in the multicollinearity test results table, the tolerance value for all variables is > 0.10 and the VIF value is < 10, so the regression model does not experience multicollinearity.

c. Heteroscedasticity Test

To determine the presence of heteroscedasticity, a statistical test is used. The statistical test chosen is the Glejser test, the basis for making decisions regarding heteroscedasticity testing using the Glejser test (Ghozali, 2016:137).

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2,385	.613		3,889	.000
	X1	.035	.041	.092	.867	.387
	X2	-.072	.045	-.178	-1,597	.113
	X3	-.019	.047	-.043	-.406	.685

a. Dependent Variable: Abs_RES

Based on the heteroscedasticity test using the Glesjer method, the significance value of all variables was greater than 0.05, so it can be concluded that the data does not have a heteroscedasticity problem.

Heteroscedasticity Test with Scatterplot

The heteroscedasticity test aims to test for unequal variances in the residuals of one observation to another in a regression model. To determine whether heteroscedasticity exists, look at the plot graph between the predicted values of the dependent variable, ZPRED, and its residuals, SRESID. Heteroscedasticity does not occur if there is no clear pattern and the points are spread above and below 0 on the Y-axis.

Based on the image above, it can be seen that there is no clear pattern and the points are spread above and below the number 0 on the Y axis. This shows that the data in this study does not experience heteroscedasticity.

Multiple Regression Analysis

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-1.288	.987		-1,306	.194		
	X1	.512	.066	.412	7,794	.000	.598	1,671
	X2	.388	.073	.296	5,325	.000	.539	1,856
	X3	.462	.076	.320	6,058	.000	.600	1,667

a. Dependent Variable: Y

Based on the results above, the multiple linear regression equation can be structured as follows:

Y= -1.288 + 0.512X1 + 0.388X2 + 0.462X3 + e

a) The constant value is -1.288, this shows that if the variables X1, X2 and X3 are considered constant (0), then the Y variable is -1.288.

b) The regression coefficient of variable X1 (x1) is -0.512. This means that every 1% increase in variable X1 will decrease variable Y by -0.512.

c) The regression coefficient of variable X2 (x2) is 0.388. This means that every 1% increase in variable X2 will increase variable Y by 0.388.

d) The regression coefficient of variable X3 (x3) is 0.462. This means that every 1% increase in variable X3 will increase variable Y by 0.462.

Hypothesis Testing

Partial T-Test

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1.288	.987		-1,306	.194
	X1	.512	.066	.412	7,794	.000
	X2	.388	.073	.296	5,325	.000
	X3	.462	.076	.320	6,058	.000

a. Dependent Variable: Y

Based on the table above, it can be seen that Variable X1 has a calculated t value = 7.794 > t table = 1.9763 with a significance level of 0.000 < 0.05, so H0 is rejected and H1 is accepted. So Variable X1 has a positive effect on Variable Y.

Variable X2 has a calculated t value = 5.325 > t table = 1.9763 with a significance level of 0.000 < 0.05, so H0 is rejected and H2 is accepted. So Variable X2 has an effect on Variable Y.

Variable X3 has a calculated t value = 6.058 > t table = 1.9763 with a significance level of 0.000 < 0.05, so H0 is rejected and H3 is accepted. So, Variable X3 has an effect on Variable Y.

F test

The F test is used to show whether the independent variables as a whole or simultaneously have an influence on the dependent variable tested at the 0.05 level (Ghozali, 2013).

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1784.013	3	594,671	150,988	.000b
	Residual	575,027	146	3,939		
	Total	2359.040	149			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X1, X2

Based on the results above, it shows that the F count value is 150.988 > 2.67 F table and is significant for Variable X1, Variable X2 and Variable X3, which is 0.000 or less than 0.05. So the regression model of Variable X1, Variable X2 and Variable X3 simultaneously influences Variable Y.

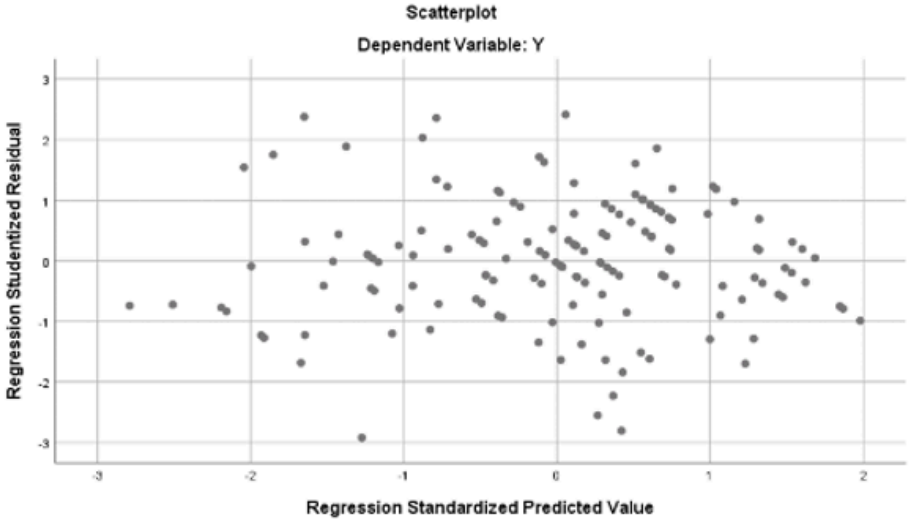
Coefficient of Determination

Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.870a	.756	.751	1.98458

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y



Based on the results of the determination coefficient above, the value of R Square is 0.756. The results of this statistical calculation mean that the ability of the independent variables (Variable X1, Variable X2 and Variable X3) in explaining changes in the dependent variable (Variable Y) is 75.6%, the remaining 24.4% is explained by other variables outside the analyzed regression model.

4.2. Discussion

The results of this study show that family traditions (X_1) have a positive and significant influence on cross-generational business sustainability. Tradition serves as a foundation of values that maintain the identity and stability of family organizations. This finding aligns with Basco & Calabrò (2023), who assert that long-term orientation and family values strengthen business resilience through ethical and prudent decision-making. In the Indonesian context, traditions also reflect the values of mutual cooperation, loyalty, and respect for the founder, so that future generations feel committed to continuing the business legacy. Thus, business sustainability is supported not only by economic strategy but also by the integrity of the family's socio-cultural values. The existence of traditions in family businesses not only maintains identity but also builds intergenerational trust. This is evident in the significant relationship between tradition and employee loyalty within family businesses. According to Hendrawan (2023), an organizational culture grounded in traditional values can strengthen professionalism and foster high work commitment. By upholding ancestral values such as honesty and simplicity, family business owners are able to maintain a positive image among employees and customers. This factor makes a real contribution to the sustainability of a stable and sustainable business.

The succession planning variable (X_2) also demonstrated a significant influence on family business sustainability. Thorough succession planning ensures a smooth leadership transition and avoids organizational uncertainty. Research by Chen et al. (2024) found that family businesses in emerging markets that systematically design succession plans have a higher chance of surviving after a generational change. In this study, strong significance values indicate that early involvement of younger generations in decision-making strengthens the continuity of business strategy. In practice, succession planning is not only a matter of selecting a successor but also encompasses the transfer of values, skills, and business vision. PwC Indonesia (2022) stated that many family businesses in Indonesia do not yet have formal succession documents, despite recognizing the importance of regeneration. This weakness often leads to internal conflict and decreased performance when sudden transitions occur. Therefore, the findings of this study emphasize that formality in succession planning directly contributes to business sustainability by reducing the risk of unpreparedness of the next generation.

Meanwhile, family conflict (X_3) has also been shown to significantly influence cross-generational business sustainability, albeit with complex directions. Conflict can be a source of destruction if not managed properly, but it can also be a vehicle for innovation when handled openly and constructively. Sorenson & Thomas (2021) explain that conflict in family business systems can be productive when accompanied by healthy communication and clear roles. In this study, the results show that effective conflict management actually strengthens organizational resilience. Conflict often arises due to differences in values between generations, particularly between the tradition-oriented founding generation and the innovative successor generation. This aligns with the findings of Wijaya & Rahardjo (2023) that the intergenerational value gap is a major cause of tension in family businesses in Asia. However, with open communication and a transparent governance structure, these differences can be bridged. Thus, conflict is not always negative, but rather has the potential to renew strategy and strengthen a shared business vision.

These findings also confirm the research of Bakar & Ahmad (2024), which stated that intergenerational communication plays a central role in minimizing conflict and strengthening family trust. In the context of Indonesian family businesses, communication is often influenced by hierarchy and norms of politeness, making openness a challenge. Therefore, implementing formal communication mechanisms such as family forums and advisory boards is a crucial strategy for maintaining harmony and ensuring business continuity. From an organizational resilience perspective, this study shows that a combination of tradition, planned succession, and conflict management can strengthen a business's resilience to external changes. Basco & Calabrò (2023) refer to this as the "equilibrium of tradition and innovation," where traditional values maintain the business's roots, while innovation maintains relevance in the modern marketplace. Thus, intergenerational business sustainability depends not only on the legacy of the past but also on the ability to adapt to global economic dynamics.

These findings also emphasize the importance of family governance in integrating these values into business practices. According to Deloitte (2023), families with formal governance structures such as family charters, generational meetings, and shared control mechanisms tend to be more successful in sustaining their businesses into the third generation. This governance structure serves as a bridge between family emotions and business logic, reducing the risk of conflict and ensuring a planned leadership transition. Overall, this discussion confirms that the sustainability of family businesses across generations in Indonesia is influenced by three main factors: preservation of tradition, thorough succession planning, and management of internal conflict. These three factors complement each other and form a sustainable business ecosystem. Without a balance between values and professionalism, family businesses are vulnerable to disintegration during generational transitions. Therefore, the authors conclude that family business sustainability strategies must comprehensively integrate cultural, structural, and emotional aspects to ensure long-term survival.

5. Conclusion

5.1. Discussion

The research findings show that family traditions, succession planning, and family conflict significantly influence the sustainability of family businesses across generations. Tradition plays a role in maintaining the identity and values that underpin sustainability, while succession planning

ensures continuity of leadership through structured and targeted regeneration. Meanwhile, family conflict, although often perceived as negative, can be a source of innovation if managed through open communication and good governance. These three variables interact to shape the resilience of family businesses, enabling them to survive and adapt amidst rapid social, economic, and technological change.

5.2. Suggestions

Based on these findings, it is recommended that family businesses in Indonesia begin implementing formal, documented succession planning, including early training for the next generation. Furthermore, families need to maintain a balance between tradition and innovation through regular intergenerational communication forums. Implementing family governance practices, such as a family charter and advisory board, will help mitigate potential conflict and strengthen professionalism. With these measures, family businesses will not only survive across generations but also thrive sustainably, remaining rooted in the noble values of their founders.

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