PERFORMANCE ACHIEVEMENTS OF FAMILY BUSINESS THROUGH SUCCESSOR READINESS AND THE RELATIONSHIP BETWEEN FAMILY AND BUSINESS MEMBERS

Gracia Ongkowijoyo1*, Timotius F.C.W Sutrisno1, Teofilus1
1International Business Management, School of Management and Business, Universitas Ciputra
Address: 1CitraLand CBD Boulevard Made, Surabaya, 60219, Jawa Timur, Indonesia
*E-mail: gracia.ongkowijoyo@ciputra.ac.id

ABSTRACT
Family businesses are one of the biggest contributors to Indonesia’s gross domestic product (GDP). Universitas Ciputra facilitate their students with family business guild. Succession plan and communication are important aspects for family businesses. Family businesses must educate potential successors in order to implement the succession plan well. The purpose of this study was to examine the effect of preparation level of successors towards family business performance; examine the effect of relationships among family and business members towards family business performance. A quantitative approach was used with a population of Universitas Ciputra’s Family Business Community. Purposive random sampling technique was used, yielding a total sample of 93 people. The data analysis method used is Partial Least Square (PLS). The results showed that preparation level of heirs variable has a positive and significant effect on family business performance; the relationship among family and business members variable has a positive and significant effect on family business performance.

Keywords: family business performance, successor readiness, family and business members relationship.

JEL Classification: M12, M19, L12

INTRODUCTION
Businesses in Indonesia, whether they are small-medium enterprises (SMEs) or corporations, they make a significant contribution to the development of the country's economy. Family businesses have significant contribution to the economic growth of many countries (De Massis, Frattini, Majocchi, and Piscitello, 2018; Siebels and zu Knyphausen-Aufseß, 2012). According to a report by PwC (2019), which stands for Price Waterhouse Cooper, Indonesian family businesses’ turnover ranges from 10 million to more than one billion US Dollars. In addition, Deloitte Indonesia stated that more than 95% of businesses in Indonesia are family-owned businesses, thus, family businesses play a vital role in boosting Indonesia’s economy as well as opening millions of job opportunities for Indonesian citizens (Bry, 2019). Some examples of well-known family businesses in Indonesia are Astra Group, Bakrie Group, Blue Bird Group, and Ciputra Group. Ciputra Group has a business in the education sector, namely, Universitas Ciputra.