

The Influence of Succession Planning and Control Factors on Family Business Succession Success: A Case Study of Ropikoh Tailor

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ABSTRACT

This study aimed to analyze the influence of succession planning and succession control on the successful transition of leadership in the family business Ropikoh Tailor. The research employs a qualitative descriptive approach through in-depth interviews with the first-generation owner. The study explores the succession process, which began with the second generation's involvement in business operations, supported by formal education and structured knowledge transfer from the first generation. The findings reveal that successful succession is highly dependent on well-designed planning, intensive communication, the development of successor competencies, and the reinforcement of organizational cultural values such as quality and customer loyalty. Despite challenges including the initially low motivation of the second generation the strategic direction and mentoring provided by the first generation effectively ensured business continuity. This study recommends increasing second-generation engagement through more intensive training and the creation of a supportive work environment to strengthen long-term sustainability of the family business.

Keywords: *family business; business succession; succession planning; family business .*

INTRODUCTION

According to the Central Statistics Agency (BPS, 2023), the number of micro and small enterprises in Indonesia reached 4,500,584 companies across 38 provinces. From these data, it is found that 95% of companies in Indonesia are family businesses (PWC in Wijaya & Wijaya, 2017). This indicates that family-owned enterprises have long provided a significant contribution to national economic development (Fitria, 2024). A survey by Price Waterhouse Cooper (PWC) in 2014 and 2015 also showed that more than 40,000 of Indonesia's wealthiest individuals own family businesses with a turnover of USD 5–10 million and total assets reaching USD 134 million, representing around 25% of Indonesia's Gross Domestic Product (Price Waterhouse Cooper, 2014). These findings highlight the crucial role of family businesses in Indonesia's economic landscape.

A family business is defined as a business or company controlled by two or more family members who are related by blood or marriage, with leadership and organizational control expected to be transferred to the next generation (Shayidah &

Cahyani, 2024). According to Susanto (2007 in Otniel & Sugiharto, 2016), family businesses possess several unique characteristics, including: strong family involvement, a supportive learning environment, high trust among family members, emotional bonds, low structural formality, and the presence of dual interests. Oppenheim (2015 in Wijaya & Wijaya, 2016) further states that family businesses view long-term sustainability as the fundamental purpose of their existence. Typically, a family business emerges from an individually operated enterprise that gradually involves family members, bringing the business into an early transition phase toward becoming a family enterprise. Several factors influence the success of a family business, including strong leadership, family values, adaptability to change, and investment in human resources (Husein, 2019). One of the founder's strategies to sustain and grow the business is to implement a succession plan (Remiasa & Wijaya, 2017).

Succession planning is a structured approach to preparing future leadership positions within a family business (Jabeen & Dixon, 2018). Preparing the next generation requires a long-term and well-organized process (Setiawan, 2016). This challenge also appears in the Ropikoh Tailor family business, where preparing the successor generation has become a critical concern. Sutanto (2016) argues that effective succession planning must be carried out as early as possible by actively involving family members in the process.

Successful family business succession ensures the continuity and sustainability of the enterprise. However, the succession process is complex and often prolonged due to generational differences and varying talents and capabilities (Setiawan, 2016). Many companies experience failure because their succession processes are not managed properly (Remiasa & Wijaya, 2017). Poor succession can lead to family conflict and even business collapse (Husein, 2019). Ward (1987 in Oudah et al., 2018) emphasizes the importance of planning to maintain intergenerational business continuity. Supporting this, Mokhbar et al. (2017) found that most family businesses fail to survive beyond the first generation due to weak succession planning and poor management of the transition process. Therefore, as Boyd et al. (2015) suggest, understanding how knowledge is transferred to the next generation becomes essential. Bozer et al. (2017) add that involving the successor early in the business operations significantly increases commitment to the succession plan.

In addition, Gemayel et al. (2014) identify several factors influencing successful succession, including successor satisfaction, company profitability, the suitability of training levels, responsibility, experience, communication, preparation of potential successors, relationships, and succession planning and control mechanisms. These elements collectively shape the effectiveness of the succession process. One of the common weaknesses in Indonesian companies is the lack of strong human resource development patterns at the middle-managerial level and the inadequate preparation for long-term succession needs (Ramadan, 2020). Human resource management involves planning, educating, training, and managing employees to achieve optimal organizational performance (Risdianto et al., 2023).

Although family businesses play an essential role in Indonesia's economic development, many of them face difficulties in maintaining business continuity due to ineffective succession processes. The Ropikoh Tailor family business is no exception, as it encounters challenges related to limited successor preparation, weak succession control, and generational differences that influence the leadership transition. The second generation's early involvement in the business has not been supported by strong motivation or structured knowledge transfer, which can potentially hinder the success of succession. These issues raise critical questions regarding how succession planning and succession control contribute to the effectiveness of leadership transition in the Ropikoh Tailor business. Additionally, it is necessary to identify the supporting and inhibiting factors that influence the succession process, as well as strategies that can improve the readiness of the next generation to ensure long-term business sustainability.

The objective of this study is to analyze how succession planning and succession control influence the success of leadership transition in the Ropikoh Tailor family business. Specifically, this research seeks to examine the extent to which structured succession planning contributes to preparing the second generation as capable future leaders, as well as to assess the role of control mechanisms in ensuring a smooth and effective succession process. Furthermore, this study aims to identify the factors that support or hinder the implementation of succession within the business, and to formulate strategies that can strengthen successor readiness, enhance communication between generations, and ensure the long-term sustainability of the family business.

This study holds significant value both theoretically and practically. Theoretically, it contributes to the existing body of knowledge on family business management by providing deeper insights into how succession planning and succession control influence the success of leadership transitions, particularly within small-scale family enterprises such as Ropikoh Tailor. The findings enrich academic discussions on intergenerational continuity, knowledge transfer, and the development of successor competencies.

Practically, this research provides useful guidance for family business owners, especially those in the micro and small enterprise sector, in designing more effective succession strategies. By identifying the supporting and inhibiting factors of the succession process, this study offers actionable recommendations that can help business founders prepare the next generation, strengthen communication and skill development, and ensure long-term business sustainability. Additionally, the results can serve as a reference for policymakers and business consultants in developing programs that support the resilience and growth of family-owned enterprises.

METHOD

This study uses a descriptive qualitative research design aimed at understanding the succession planning and succession control processes in the Ropikoh Tailor family business. The qualitative approach allows the researcher to explore the experiences, interpretations, and strategies applied by the first-generation owner in preparing the next generation to take over the business. This design is appropriate because succession within family businesses involves subjective meanings, communication patterns, and

interpersonal dynamics that cannot be captured through numerical data alone.

The subject of this research is Ropikoh Tailor, a family-owned tailoring business managed by Mr. Rasman, who serves as the first-generation owner. The research was conducted at the owner's residence and business location in Kampung Cigentur, RT 03/RW 05, Desa Keresek, Kecamatan Cibat, Kabupaten Garut, Jawa Barat. This location was selected purposively because it directly represents the operational environment of the family business and provides access to firsthand information from the business owner. In-depth interviews were conducted with Mr. Rasman to explore his experiences, perceptions, and strategies related to succession planning and succession control. An interview guide was prepared to ensure the questions were systematic and aligned with the research objectives. The interview focused on topics such as the involvement of the second generation, knowledge transfer, challenges faced, control mechanisms, and cultural values within the business.

FINDINGS AND DISCUSSION

The results of this study show that the owner of Ropikoh Tailor, Mr. Rasman, who resides in Kampung Cigentur, Garut, began his business after gaining substantial work experience in another person's company, which strengthened his motivation to start an independent tailoring business. Throughout its development, he faced challenges in marketing, building customer trust, and introducing his sewing services to the community barriers that highlight the importance of reputation and customer loyalty in small business growth.

The work culture he upholds emphasizes neatness, alignment with customer expectations, and loyalty, reinforced through strict quality control to ensure customer satisfaction. Long-term planning became essential for him, especially because he envisioned his eldest daughter as the potential successor, considering that tailoring is suitable for women and can be done from home, while also recognizing the promising opportunities in the sewing industry. To prepare the second generation, he involved his child early in daily business operations, encouraged vocational education in fashion design, and later supported higher education in entrepreneurship to strengthen managerial capacity. His perception of the second generation is positive, as he sees strong involvement in major projects, decision-making, and learning processes indicating readiness and motivation to continue the business. He views succession as successful when the successor is willing to participate actively, demonstrates competence, and continues developing the business.

This aligns with the principles of knowledge transfer, which emphasize that skills, operational understanding, and business insight must be systematically passed from the first to the second generation. Overall, these findings illustrate a succession process characterized by intentional planning, strong family involvement, cultivation of work values, and educational support, all of which contribute to the continuity and sustainability of the Ropikoh Tailor family business.

The findings from the interview provide an insightful picture of the ongoing succession process in this family business. The owner began his entrepreneurial journey

based on prior work experience consistent with Berutu (2019), who stated that work experience contributes significantly to motivation and competence in starting a business.

Operationally, the business faces marketing-related challenges, especially in building reputation and gaining customer trust. This reinforces Tjokrosaputro & The Greatest (2020), who argue that a positive reputation increases customer loyalty and long-term satisfaction.

The leadership style applied by the owner is participatory and family-oriented, reflecting Transformational Leadership, where leaders empower followers and encourage collaborative decision-making (Bass & Riggio, 2018). The strong work culture emphasizing neatness, precision, and customer satisfaction aligns with Schein's (2010) organizational culture theory, which states that strong cultural values enhance performance and employee commitment.

The succession process is intentionally structured. The owner exposes the second generation to operational activities and supports formal education in fashion and entrepreneurship. This aligns with the principles of Succession Planning, which highlight skill development as essential for leadership continuity (Gallo, 2020).

The owner also recognizes some motivational challenges but addresses them through encouragement and practical involvement. The second generation's readiness is evident through active participation and increasing responsibility. Effective knowledge transfer highlighted by Sharma et al. (2019) further strengthens the likelihood of succession success. Finally, the owner's aspirations for long-term business growth reflect the concept of Dynamic Capabilities (Teece, 2022), emphasizing the ability to adapt, innovate, and respond to market changes. Overall, the findings describe a well-planned succession process supported by strong values, education, and intergenerational collaboration key factors in ensuring the sustainability of the Ropikoh Tailor family business.

The findings of this study indicate that the owner of Ropikoh Tailor, Mr. Rasman, who resides in Kampung Cigentur, Garut, initiated his tailoring business after gaining extensive work experience in another person's company an entrepreneurial trigger consistent with Berutu (2019), who notes that accumulated work experience significantly shapes entrepreneurial readiness and confidence. Throughout managing his business, he encountered challenges related to marketing, customer acquisition, and building public trust, issues commonly faced by micro-enterprises in Indonesia (Tambunan, 2020). These challenges emphasize the importance of reputation-building and brand credibility, as strong business reputation is proven to enhance customer loyalty and market recognition (Tjokrosaputro & The Greatest, 2020; Keller, 2013). The owner upholds a work culture centered on neatness, precision, and alignment with customer expectations, supported by a strict quality-control mechanism reflecting Schein's (2010) view that strong organizational culture directly influences performance and customer satisfaction.

Long-term planning also plays a critical role in this business, especially because the owner envisioned his eldest daughter as the successor, believing that tailoring aligns well with women's roles and offers flexibility for home-based work an idea supported by Astrachan & Shanker (2003), who state that succession planning often reflects family

values and gender-role expectations. He also recognized the growing demand for tailoring services, recognizing it as a sustainable business opportunity (Husein, 2019). To prepare the next generation, he adopted a structured succession approach by involving his child early in daily operations, encouraging formal vocational education in fashion design, and later supporting higher education in entrepreneurship. This aligns with Jabeen & Dixon (2018), who argue that effective succession requires intentional skill development and continuous learning opportunities. Higher education in business is further shown to strengthen successors' managerial and entrepreneurial capabilities (PPM SoM, 2023; Chrisman et al., 2009).

The owner's perception of the second generation is positive, as he observes deep involvement in major projects, active participation in decision-making, and a strong willingness to learn key indicators of successor readiness as described by Sharma et al. (2003) and Le Breton-Miller et al. (2004). He considers succession successful when the next generation shows motivation, operational understanding, and engagement in daily business activities, reflecting Trott's (2017) theory of knowledge transfer, which emphasizes that tacit and experiential knowledge must be passed from predecessors to successors to sustain competitive advantage. His overall approach aligns with the principles of transformational leadership, where leaders motivate and empower successors through guidance, vision, and role modeling (Bass & Riggio, 2018). The findings collectively illustrate a well-planned succession process characterized by strong family involvement, consistent skill development, solid cultural values, and intergenerational collaboration factors widely recognized in the literature as critical to ensuring long-term sustainability in family businesses (Gallo, 2020; Nordqvist & Melin, 2010).

CONCLUSION

To ensure the continuity of Ropikoh Tailor, it is recommended that the business maintain its existing succession planning approach, particularly in terms of involving the second generation in daily operations and providing relevant formal education. However, to further enhance the effectiveness of the succession process, the business should implement deeper efforts to strengthen successor motivation and commitment. This may include more intensive training programs, structured apprenticeship models, mentorship initiatives, and a work environment that encourages the second generation to take part in decision-making processes. Creating structured learning opportunities has been shown to improve successor preparedness and leadership effectiveness in family firms. Additionally, this study has limitations, as it focuses solely on a single case study, which restricts the generalizability of the findings. Future research should include comparative studies involving multiple family businesses to gain broader insights into the challenges, variations, and best practices of succession planning within different family business contexts. This study examined the influence of succession planning and succession control on the success of leadership transition in the Ropikoh Tailor family business. The findings reveal that the business has strong potential for long-term continuity, supported by the first generation's strategic efforts in preparing the successor.

Although the business initially faced challenges—particularly low motivation, limited readiness, and the adaptation process of the second generation—the owner took important steps such as involving the second generation in daily operations, providing access to formal fashion education, and supporting higher education in entrepreneurship.

The succession process at Ropikoh Tailor demonstrates that successful leadership transition is highly dependent on effective knowledge transfer, consistent communication, and ongoing skill development. Despite early obstacles, the structured approach and strong support from the first generation eventually encouraged the second generation to participate actively in the business. Their involvement in both small and large projects, decision-making, and operational tasks strengthened the owner's belief that the succession is progressing successfully. Overall, the results indicate that the Ropikoh Tailor family business possesses a solid foundation for maintaining business continuity across generations through intentional planning, strong family involvement, and well-maintained work culture values.

Based on these conclusions, several recommendations are proposed to enhance the effectiveness of succession planning at Ropikoh Tailor. The business should continue strengthening the successor's motivation and engagement by providing more structured training, mentorship, and hands-on learning opportunities to build a stronger sense of responsibility and commitment. Formalizing the succession process through clear documentation of roles, expectations, and strategic plans is also essential to create transparency and support a smoother transition. Additionally, the business should continue investing in the successor's skill development through workshops, courses, and entrepreneurship training to ensure competence in both technical and managerial aspects. Increasing the second generation's involvement in decision-making can further accelerate their readiness to lead the business. Maintaining the strong work culture and quality-control practices established by the first generation is equally important to protect customer trust and uphold service standards. Finally, because this study focuses on a single case, future research is encouraged to explore comparative studies involving multiple family businesses to gain broader insights into succession challenges and best practices.

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