

The Influence of Business Management, Success Process, Long Term Plans, Culture, Business Targets, Family Assistance, Decision Making, Knowledge and Skills of Business Owners on the Existence of Family based Business in the Potterial Industry Center of Pulutan Village

Rita Norce Taroreh^{1*}, Mac Donald Bertrand Walangitan², Maxie Timbuleng³, Sherly Pinatik⁴

Universitas Sam Ratulangi, Indonesia

Corresponding Author: Rita Norce Taroreh rita.taroreh@unsrat.ac.id

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ABSTRACT

The acceleration of industrial and regional growth including the MSME sector is one of the dimensions of the current government's Leading Sector development. Family business is a form of MSME that involves several family members in the ownership or operation of the business. The main problem experienced by family businesses is the problem of professionalism and business succession to their successors for business continuity. A family business takes time and effort to build. One form of MSMEs in Minahasa is the center of the pottery industry in Pulutan Village, Remboken District. The pottery industry has existed in Pulutan since this village was founded until now. The existence of the business continues to be maintained because it is driven by family-based village communities. The results of this study found a link between business management, succession process, availability of long-term plans, culture, business targets, family assistance, decision making, knowledge and skills of business owners on the success of family business succession in the Pulutan Village pottery industry center.

INTRODUCTION

People's motivations for starting a business with their families vary. Some want the family business as their primary source of income, while others want it as a side hustle, a way to pursue interests and hobbies, or to continue the family business. The number of MSMEs in Indonesia reached 8.71 million by the end of 2022 (Ministry of Cooperatives and MSMEs,2022). The biggest challenge faced is not only the effort to increase the number of MSMEs, but more importantly, the effort to maintain the survival (existence) of MSMEs (Jasmine,2022).

A crucial factor in ensuring business continuity is managing the family business professionally. Each family member must share the same vision and goals for the business. Although business is a means of providing for the family, the integrity of the family must remain the top priority.

The results of Taroreh's research (2022) found that the people of Pulutan Village are very interested in pursuing pottery crafts. This indicates that there is great hope for the success of inheriting the pottery business in Pulutan Village, provided that determining factors for succession such as: business management, succession process, availability of long-term plans, culture, business targets, family mentoring, decision-making, knowledge and skills of the business owner can be identified and their contribution to the existence of family-based businesses can be known.

Family businesses require time and effort to build. According to research conducted by The Family Business Institute (2020), 88% of family business owners believe their family members will continue the business in the next five years. However, in reality, only 30% survive to the second generation, 12% to the third generation, and only 3% survive to the fourth generation and beyond. This indicates that finding a successor in a family business is not easy.

The pottery production process forms a system, from the extraction of clay from its source and becoming raw material to the hands of craftsmen to be shaped into crafts, has been woven from generation to generation in the Pulutan Village community. Although using old traditions that are considered very traditional, the existence of Pulutan Village pottery crafts has been able to drive the pulse of the Pulutan Village community's economy. Therefore, efforts are needed to find the right concept for the sustainability of the pottery industry in the Pulutan Village community. Developing a new growth center in Pulutan Village will have economic, social, cultural, and tourism values based on local wisdom that are not available in other villages in North Sulawesi. If the process of succession and entrepreneurial innovation in Pulutan Village does not receive attention from the government and academics, it has the potential to experience extinction (stop) simply because of the failure to pass on the business from parents to their children.

Research Problem Formulation

Based on background thinking then the problem formulation in this research is:

- a) How do business management, succession process, availability of long-term plans, culture, business targets, family mentoring, decision-making, decision-

- making, knowledge and skills of business owners influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
- b) How does business management influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - c) How does the succession process affect the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - d) How does the availability of long-term plans affect the existence of small family-based businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - e) How does family culture influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - f) How does the business target influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - g) How does family mentoring influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - h) How does decision-making influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?
 - i) How do business owners' knowledge and skills influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency?

LITERATURE REVIEW

Family Business

A family business (Susanto, 2007) is a company whose shares are at least 25% owned by a particular family, or if less than 25%, a family member holds a position on the company's board of directors or board of commissioners. A corporation is referred to as a family business if it is owned by two or more family members who manage its finances. Meanwhile, Donnelley defines a family firm as one in which at least two generations of the family participate and have an impact on company policies.

Types of Family Business

Family businesses are divided into:

- a. Family-Owned Enterprises (FOEs) are businesses that are owned by a family but run by professionals from outside the family. In this case, the family acts as the owner and does not participate in the company's management. By dividing these roles, family members can optimize their supervisory role.

- b. Family Business Enterprises (FBEs) are firms that are owned and managed by their founding family. As a result, the same people, typically the family, hold both managerial and ownership positions.

Family Business Succession and Succession Plan

A family business has an important role in the economy. To secure the company's long-term viability, a mature succession plan including a number of components in the family business must be implemented with a high level of awareness and tenacity. The succession planning process is to ensure the smooth continuation of the business. The process of carrying out family company succession involves seven steps (Susanto 2007), namely: (1) Evaluating the ownership structure, (2) Developing a picture of the expected structure after the succession, (3) Evaluating the family's wishes, (4) Developing a selection process, (5) Training and monitoring future successors, (6) Conducting team building activities from the family, creating an effective board of directors, and finally, (7) Introducing the successor at the right time.

Succession plan is a thorough in a family business, the planning process involves several components and is accomplished with a high level of awareness and perseverance to assure the company's long-term survival. There are four components to an efficient succession model, namely: (1) successor qualification, (2) entrepreneurial orientation, (3) willingness to take over responsibility, and (4) personality traits, Management and Leadership Skills.

Determining Factors for Entrepreneurial Succession

Pottery craftsmanship remains an attractive business in some rural communities and is sought after by people of all ages. Although not specifically involved as business owners or pottery craftsmen, the community Pulutan Village is very interested in learning how to make pottery. This represents hope for the future of the pottery industry in Pulutan Village. The community's strong interest in this craft is a key asset for the business's existence. Taroreh (1998) identified eight factors that determine the success of family-based businesses, namely: 2022)

- a) Business management. As much as possible, business leaders are family members.
- b) The succession processes. Succession is essential, as no leader lasts forever. Succession is not simply a generational shift, but must be aimed at broader benefits. Therefore, sound succession planning is essential.
- c) Long-term planning is essential. Maintaining and growing a family business requires strategic planning to ensure its survival.
- d) Family culture. Family cultural values serve as a guide for business and a basis for evaluating the family business's achievements. Instilling these values and vision must be done to the fullest to foster a sense of responsibility among family members who manage the business fairly.
- e) Business targets. As a family-owned and controlled business, business management is heavily influenced by the family's vision and mission.

- f) Family mentoring. The mentorship of a more experienced person is crucial to the succession process. Mentoring from parents to their successors is essential.
- g) Decision-making. Family businesses should not rely solely on the degree of emotional connection among family members. They should also be concerned with the flexibility of the family members who manage the firm.
- h) The business owner's knowledge and skills. A potential successor must possess the education and knowledge to contribute to the company's development.

Research Hypothesis

- a) Business management, succession process, availability of long-term plans, culture, business targets, family mentoring, decision making, decision making, knowledge and skills of business owners have a significant influence on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency
- b) Business management has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- c) Succession process has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- d) Availability of long-term plans has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- e) Family culture has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- f) Business targets has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- g) Family support has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- h) Decision-making has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
- i) Business owner knowledge and skills has a significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency

METHODOLOGY

This study uses a quantitative survey research design to determine the influence of business management (X1), succession process (X2), availability of long-term plans (X3), family culture (X4), business targets (X5), family assistance (X6), decision making (X7), and knowledge and skills of business owners (X8) on

the existence of family-based small businesses (Y). The population in this study amounted to 1120 people from Pulutan Village, with a sample of 92 people obtained using the Slovin formula. The research instrument used a questionnaire. Data analysis in this study used multiple linear regression analysis. which aims to predict how big the influence iseach of these variables on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center.

RESEARCH RESULT AND DISCUSSION

The research was conducted on 92 people who are residents of Pulutan Village with a distribution of 46 people (50%) working as pottery craftsmen, 19 people (20.7%) are students, 11 people (12%) are high school/vocational school students, and the rest are teachers, housewives, traders, pottery entrepreneurs, farmers, police, and builders. The results of the research instrument testing stated that all statement items concerning the variables of Business Management (X1), Succession Process (X2), Availability of Long-Term Plans (X3), Family Culture (X4), Business Targets (X5), Family Assistance (X6), Decision Making (X7), Knowledge and Skills of Business Owners (X8), and Existence of Family-Based Small Businesses (Y) are valid and reliable. All research data meet the assumptions of multicollinearity, heteroscedasticity, data normality and autocorrelation.

Table 1. Hypothesis Testing ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	188,740	8	23,593	74,693	.000b
Residual	26,216	83	.316		
Total	214,957	91			

- a. Dependent Variable: Existence of Family-Based Businesses
- b. Predictors: (Constant), Business Owner Knowledge and Skills, Business Management, Business Targets, Family Culture, Family Support, Decision Making, Availability of Long-Term Plans, Succession Process

Based on table 1, the results of the hypothesis testing are obtained.simultaneously mbusiness management, succession process, availability of long-term plans, family culture, business targets, family mentoring, decision making, decision making, knowledge and skills of business owners have a significant influence on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. This is indicated by a model significance value of 0.000 <0.05 significance (5%). This means that the model formed ismbusiness management, succession process, availability of long-term plans, family culture, business targets, family mentoring, decision making, decision making, knowledge and skills of business owners have a significant influence on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency, which is suitable for pairing.

Table 2. Coefficient Testing
 Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
(Constant)	-.571	.280			-2,042	.044		
Business Management	.082	.067	.054		1,230	.222	.761	1,314
Succession Process	.048	.113	.047		11,422	.014	.116	8,610
Long Term Plan Availability	.203	.122	.184		1,657	.101	.119	8,369
Family Culture	.188	.101	.170		10,867	.045	.177	5,664
Business Target	.198	.100	.164		10,978	.048	.214	4,673
Family Assistance	-.016	.104	-.015		-.153	.879	.155	6,458
Decision-making	.354	.109	.326		3,245	.002	.145	6,875
Business Owner Knowledge and Skills	.115	.129	.108		.888	.377	.099	10,000

a. Dependent Variable: Existence of Family-Based Businesses

Based on the coefficient table, the following multiple regression equation is obtained:

Y=-

$$0.571+0.082X_1+0.048X_2+0.203X_3+0.188X_4+0.198X_5+0.016X_6+0.354X_7+0.115X_8$$

Description: X1 = Business Management

X2 = Succession Process

X3 = Availability of Long-Term Plans

X4 = Family Culture

X5 = Business Target

X6 = Family Assistance

X7 = Decision Making

X8 = Business Owner Knowledge and Skills

Y = Existence of Family-Based Businesses

From the coefficient table it can also be seen that the partial relationship between each variable is as follows:

- 1) Business management has a positive but insignificant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. Business management has an influence of 0.082 on business existence with a significance level of $0.222 > 0.05$, which means that business management has no significant effect on business succession.
- 2) Succession process has a significant positive effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. The succession process has an effect of 0.048 on business existence with a significance level of $0.014 < 0.05$, which means that the succession process has a significant effect on business succession.
- 3) Availability of long-term plans has a positive but insignificant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. The availability of long-term plans has an effect of 0.203 on business existence with a significance level of $0.101 >$

- 0.05, which means that the availability of long-term plans has no significant effect on business succession.
- 4) Family culture has a positive and significant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. Family culture has an influence of 0.188 on business existence with a significance level of $0.045 < 0.05$, which means that family culture has a significant influence on business succession.
 - 5) Business targets has a positive and significant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency, which has an influence of 0.198 on business existence with a significance level of $0.048 < 0.05$, which means that business targets have a significant influence on business succession.
 - 6) Family support has a negative and insignificant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. Family assistance has an effect of -0.016 on business existence with a significance level of $0.579 > 0.05$, which means that family assistance has no significant effect on business succession.
 - 7) Decision-making has a positive and significant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. Decision making has an influence of 0.354 on business existence with a significance level of $0.002 < 0.05$, which means that decision making has a significant influence on business succession.
 - 8) Business owner knowledge and skills has a positive but insignificant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency. The knowledge and skills of business owners have an influence of 0.115 on business existence with a significance level of $0.377 > 0.05$, which means that the knowledge and skills of business owners have no significant effect on business succession.

Table 3. Model Research Testing

Model Summary										
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Change Statistics				Durbin - Watson	
					R Square Change	F Change	df 1	df2		Sig. F Change
1	.937a	.878	.866	.56201	.878	74,693	8	83	.000	2,273

a. Predictors: (Constant), Business Owner Knowledge and Skills, Business Management, Business Targets, Family Culture, Family Support, Decision Making, Availability of Long-Term Plans, Succession Process

b. Dependent Variable: Existence of Family-Based Businesses

Based on the testing of the research model in table 3, it can be seen that the relationship between business management, succession process, availability of long-term plans, culture, business targets, family mentoring, decision making, decision making, knowledge and skills of business owners influence the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency has a very strong relationship as indicated by a correlation coefficient of 0.937 with the contribution of these variables to 378

the existence of the pottery craft business in Pulutan being quite large, namely 87.8%.

Of all the variables that influence the existence of a business based on families in Pulutan Village: succession process, family culture, business targets, and decision making are variables that have a positive and significant influence on the existence of family-based small businesses, while the variables of business management, availability of long-term plans, knowledge and skills of business owners although they have an influence on the existence of the business, the influence is not significant. Therefore, based on the findings of this study, it was found that to maintain the existence of the family-based pottery industry in Pulutan Village, it must be more focused on the succession process, family culture, the existence of business targets and decision making.

CONCLUSIONS AND RECOMMENDATIONS

This research produces the following conclusions:

1. Simultaneously, business management, succession process, availability of long-term plans, family culture, business targets, family mentoring, decision-making, decision-making, knowledge and skills of business owners have a significant influence on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency.
2. Business management has a positive but insignificant effect on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
3. Succession process has a significant positive effect on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
4. Availability of long-term plans has a positive but insignificant effect on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
5. Family culture has a positive and significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency
6. Business targets has a positive and significant influence on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency.
7. Family support Decision making has a positive and significant effect on the existence of family-based small businesses in the Pulutan Village Pottery Industry Center, Minahasa Regency.
8. Business owner knowledge and skills has a positive but insignificant effect on the existence of family-based small businesses in the Pottery Industry Center, Pulutan Village, Minahasa Regency

Based on the results of this study, the following recommendations can be made:

1. Business owners. To maintain their business's existence, they need to pay attention to the succession process from owner to successor and foster a

family culture that supports business succession. Likewise, business owners need to set future business goals and make informed and timely decisions to ensure business succession.

2. Minahasa Regency Government. The results of this study found that the sustainability of the family-based pottery industry in Pulutan Village requires business owners to have knowledge and skills in management, particularly in determining business targets and making decisions. Therefore, management training for business owners is needed, which can be facilitated through the Cooperatives and MSMEs Office at both the Minahasa Regency and North Sulawesi Province levels.

ADVANCED RESEARCH

Based on the research findings, advanced research can be directed toward developing a sustainability model for family-based businesses by strengthening succession, family culture, business targets, and decision-making, which have been proven significant in maintaining the existence of the Pulutan pottery industry. Future studies may explore entrepreneurial innovation strategies rooted in local wisdom while integrating digital technology and global marketing to ensure that pottery products not only survive through traditional practices but also adapt to modern market dynamics. Furthermore, comparative studies with other family-based industry centers in different regions can provide broader perspectives on both universal and locally specific factors that influence family business sustainability, thereby producing a more comprehensive conceptual framework to strengthen family-based MSMEs in Indonesia.

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