

Beyond Business: How Parenting Style Shapes Succession Planning and Success in Family Firms

Aprihatiningrum Hidayati

Department of Management, Sekolah Tinggi Manajemen PPM Jakarta, Indonesia
apr@ppm-manajemen.ac.id

M. Akhsanur Rofi

Department of Management, Sekolah Tinggi Manajemen PPM Jakarta, Indonesia
rof@ppm-manajemen.ac.id

Abstract

This study examines the pivotal role of parenting styles—authoritative, authoritarian, and permissive—in shaping succession planning and enhancing succession success in family businesses. It bridges family systems theory and succession management by investigating how family dynamics influence leadership transition effectiveness. Using Partial Least Squares Structural Equation Modeling (PLS-SEM), the study analyzes survey data from 210 respondents representing multiple generational cohorts in family enterprises. The model tests both direct and mediating effects of parenting style and succession planning. The results indicate that parenting styles and succession planning positively affect succession success. Moreover, succession planning mediates the relationship between parenting style and business continuity. The model demonstrates theoretical robustness and extends family business literature by integrating affective (soft) and procedural (hard) factors in succession. This study offers guidance for family business owners, consultants, and policymakers to develop holistic succession frameworks that combine strategic planning with parental engagement and mentoring. It contributes a novel perspective by demonstrating that succession success is not merely a managerial process but a relational journey, emphasizing the synergy between parenting behavior and succession management practices for intergenerational continuity.

Keywords: *family business; family dynamics; parenting style; succession planning; succession success.*

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Email Co-Author : apr@ppm-manajemen.ac.id



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Introduction

Family-owned businesses constitute the backbone of many economies worldwide, contributing substantially to gross domestic product, employment creation, and long-term wealth accumulation (Calabrò et al., 2018; Shanine et al., 2022). Beyond their economic role, family firms are distinguished by their emphasis on intergenerational continuity, shared values, and legacy preservation. Despite this significance, sustaining family ownership across generations remains a critical challenge. Empirical evidence shows that approximately 60–70% of family firms do not survive beyond the second generation, and fewer than 15% remain under family control by the third generation (Bhardwaj, 2023). These figures underscore the urgency of understanding the determinants of intergenerational succession.

Extant research on family business succession has traditionally emphasized structural and managerial dimensions, such as governance mechanisms, leadership development, and strategic succession planning (Sharma et al., 2003; Matias & Franco, 2020). While these factors are undeniably important, recent studies suggest that succession success cannot be fully explained without considering family-level relational dynamics. In particular, parenting styles, emotional bonds, and early socialization processes play a pivotal role in shaping successors' motivation, competence, and readiness to assume leadership roles (Shanine et al., 2022). This perspective implies that succession is not merely a discrete managerial event but a long-term developmental process rooted in family interactions.

Parenting style, as conceptualized by Baumrind (1967) refers to consistent patterns of parental responsiveness and demandingness that influence children's psychological and behavioral development. The three primary parenting styles—authoritative, authoritarian, and permissive—have been shown to produce markedly different developmental outcomes. Authoritative parenting, characterized by warmth combined with firm expectations, is consistently associated with autonomy, self-confidence, and leadership readiness (Power, 2013). In contrast, authoritarian parenting prioritizes obedience and control, often limiting initiative and creativity, while permissive parenting provides freedom but may insufficiently foster discipline and responsibility (Baumrind, 1967; U. Echedom et al., 2018).

Within family business contexts, parenting styles extend beyond the private sphere and influence how successors perceive the family firm, engage with its activities, and evaluate their own leadership capabilities (Liu et al., 2024). Authoritative parenting has been found to promote open communication, family cohesion, and the transmission of entrepreneurial values, thereby facilitating smoother succession processes (Shanine et al., 2022). Conversely, authoritarian or overly permissive parenting may suppress successors' initiative or leave them inadequately prepared for leadership demands (Garcia et al., 2018). As such, succession can be viewed as a process that “starts at home,” where parental behaviors and communication styles shape successors' self-efficacy and commitment long before formal succession decisions are made (Garcia et al., 2018; Shanine et al., 2022).

Alongside family dynamics, succession planning is widely recognized as a central mechanism for ensuring continuity in family firms (Mokhber et al., 2017; Matias & Franco, 2020). Succession planning involves the systematic identification, preparation, and mentoring of successors to enable a smooth transfer

of leadership and ownership. Prior studies demonstrate that formal succession planning—supported by transparent communication, governance structures, and active involvement of incumbents and successors—significantly enhances the likelihood of successful succession outcomes (Sharma et al., 2003; Umans et al., 2018). However, succession planning is not merely a technical or managerial exercise. Parent-founders often face a tension between nurturing and grooming successors, which can generate conflict if planning processes are misaligned with successors' aspirations and psychological readiness (McMullen & Warnick, 2015). Although the literature acknowledges the importance of both parenting styles and succession planning, empirical research examining how these factors interact remains limited. Existing studies tend to focus either on the direct effects of parenting styles on successor motivation and commitment (Garcia et al., 2018) or on the structural role of succession planning in ensuring continuity (Mokhber et al., 2017; Umans et al., 2018). Fewer studies investigate succession planning as a mediating mechanism through which parenting styles influence succession success. Moreover, much of the empirical evidence originates from Western contexts, even though parenting practices, authority relations, and intergenerational norms in Asian family firms are embedded within distinct cultural and value systems (Shanine et al., 2022; Liu et al., 2024).

To address these gaps, this study examines the interplay between parenting styles, succession planning, and succession success using a quantitative approach and Partial Least Squares Structural Equation Modeling (PLS-SEM). By positioning succession planning as a mediating mechanism, the study advances a hybrid relational–structural perspective that integrates family psychology and strategic management. In doing so, it contributes to a more nuanced understanding of how parental behavior and formal planning processes jointly shape succession outcomes, particularly within the Asian family business context.

Accordingly, this study pursues three research objectives: (1) to examine the direct effect of parenting style on succession success; (2) to analyze the direct effect of parenting style on succession planning; and (3) to test the mediating role of succession planning in the relationship between parenting style and succession success.

Literature Review

Succession Planning and Succession Success

Succession planning is widely recognized as a critical determinant of successful leadership transition in family firms. Prior studies consistently show that firms engaging in structured succession planning—such as identifying competent successors, preparing them through training and mentoring, and communicating succession decisions transparently—are more likely to achieve continuity and post-succession stability (Sharma et al., 2000; Mokhber et al., 2017; Saan et al., 2018). Succession planning not only reduces uncertainty during leadership transfer but also enhances organizational legitimacy and stakeholder confidence.

Empirical evidence further suggests that governance practices play a central role in shaping effective succession outcomes. Umans et al. (2018) and Renuka & Bhasi (2021) demonstrate that family and business governance mechanisms, including role clarity and successor involvement, significantly strengthen the succession process. Additionally, Umans et al. (2021) emphasize that engagement in successor

selection, training, post-succession role definition, and communication is essential to ensuring a smooth transition.

Succession practices also evolve across generations. Sonfield & Lussier (2004) find that second- and third-generation family firms tend to engage more actively in succession planning than founder-led firms, reflecting learning effects and increasing institutionalization over time. Nevertheless, inadequate succession planning remains a major source of failure, particularly when family conflicts or strategic misalignment emerge during leadership transition.

Taken together, the literature suggests that succession planning functions as a central structural mechanism through which family firms enhance the likelihood of succession success. Therefore, this study proposes:

H1: Succession planning has a positive and significant influence on succession success.

Parenting Style and Succession Planning

Succession planning in family firms is not merely a managerial process but is deeply embedded in family relationships and parental influence. Umans et al. (2021) conceptualize succession planning as a multifaceted process involving successor selection, development, communication, and post-succession role allocation. Engagement in these activities is shaped by factors such as distributive justice, governance practices, and the incumbent's intention to retain family control (Sharma et al., 2003; Madden et al., 2017; Umans et al., 2018).

Parenting style plays a crucial role in shaping these dynamics. Shanine et al. (2022) demonstrate that parenting styles influence how successors perceive their role in the family firm and their willingness to engage in succession processes. Through daily interactions, parents transmit values, expectations, and behavioral norms that shape successors' attitudes toward responsibility, authority, and long-term commitment to the business.

Balanced and supportive parenting environments have been shown to foster trust, communication, and succession development, thereby facilitating more systematic succession planning (Martín-Cruz et al., 2020). Conversely, imbalanced parenting—such as excessive control or lack of guidance—may undermine successor preparedness and reduce engagement in planning activities. Studies also highlight that parental fairness, sibling dynamics, and generational motivations further condition the effectiveness of succession planning processes (Chan et al., 2020; Shahzad et al., 2024; Liu et al., 2024).

Accordingly, the literature supports the view that parenting styles shape the extent and quality of succession planning in family firms. Thus, this study hypothesizes:

H2: Parenting style has a positive and significant influence on succession planning.

Parenting Style and Succession Success

The influence of parenting styles on family business succession has attracted growing scholarly attention, particularly as researchers increasingly recognize that succession success is not solely determined by formal planning mechanisms but also by long-term family socialization processes. Parenting styles shape how next-generation family members perceive the family business, evaluate leadership responsibilities, and develop the psychological readiness required to

assume control. Consequently, differences in parental behavior may translate into varying levels of successor preparedness and ultimately influence succession outcomes.

Among the various parenting styles, authoritative parenting has been consistently associated with more favorable succession-related outcomes. Recent empirical studies demonstrate that authoritative parenting enhances successors' intentions to engage in the family business by fostering supportive norms, positive attitudes, and internalized commitment toward continuity (Liu et al., 2024). Through balanced parental warmth and clear expectations, authoritative parents create an environment in which successors feel both supported and accountable, increasing their willingness to accept leadership responsibilities.

In addition, authoritative parenting contributes to the development of key entrepreneurial traits that are critical for succession. Research shows that such parenting styles strengthen successors' self-efficacy, opportunity recognition, and leadership confidence—capabilities that are essential for navigating the complex challenges of family business management (Rau, 2023; Lyons et al., 2023; Suhartanto, 2023). Beyond individual competencies, authoritative parenting has also been linked to greater resilience and adaptability among next-generation members, enabling them to respond more effectively to environmental uncertainty and intergenerational pressures (Yue et al., 2025). These personal capabilities are further reinforced through the strategic management of family dynamics and social capital, as parents who adopt authoritative approaches tend to encourage open communication, trust, and collaborative decision-making within the family firm (Alshibani & Alshebami, 2025).

Beyond its indirect influence through succession planning processes, parenting style also exerts a direct effect on succession success. Garcia et al. (2018) provide evidence that parenting style significantly shapes successors' motivation, self-efficacy, and intention to remain involved in the family business. Through early and continuous socialization, parents transmit values related to leadership, responsibility, and long-term commitment, which successors subsequently internalize as guiding principles for business continuity (Knafo & Schwartz, 2003; Shanine et al., 2022). These internalized values influence not only whether successors choose to lead the business, but also how they enact leadership roles following succession.

Succession success itself is widely understood as a multidimensional outcome influenced by both structural and emotional factors. On the structural side, governance mechanisms and formalized managerial practices play a critical role in ensuring stability and clarity during leadership transition (Umans et al., 2018). However, emotional and relational dynamics—such as trust, collaboration, and shared family values—are equally important in sustaining post-succession commitment and organizational cohesion (Suárez & Santana, 2012). Tensions may arise when parent-founders experience a strong emotional attachment to the business and struggle to relinquish control, particularly when parental authority conflicts with the successors' need for autonomy (Mcmullen & Warnick, 2015). Parenting styles that emphasize control without empowerment may exacerbate such tensions, undermining succession success.

Furthermore, successor characteristics have been shown to significantly affect post-succession performance and strategic outcomes. Attributes such as

commitment, leadership capability, and personal background influence how effectively successors manage the firm after assuming control (Chiang & Yu, 2018; Chiang & Yu, 2018). Parenting styles that balance guidance with empowerment enable successors to develop these qualities more effectively, as they are encouraged to build competence while gradually assuming responsibility (Huang et al., 2019; Umans et al., 2021). This balanced developmental process increases the likelihood that successors can lead the family firm successfully in the post-transition phase.

Taken together, these arguments suggest that parenting style functions as a foundational relational mechanism shaping succession success, independent of formal planning processes. By influencing successors' values, capabilities, motivation, and leadership behavior, parenting styles exert a direct and significant impact on the outcomes of family business succession.

Accordingly, this study proposes the following hypothesis:

H3: Parenting style has a positive and significant influence on succession success.

The Mediating Role of Succession Planning

While prior studies acknowledge the importance of parenting style and succession planning, fewer have examined how these factors jointly shape succession success. Social cognitive theory suggests that perceived parental behaviors influence successor engagement through psychological mechanisms such as self-efficacy and commitment (Garcia et al., 2018). However, these individual-level effects must be institutionalized through formal organizational processes to translate into successful leadership transitions.

Succession planning represents such a mechanism. Sharma et al. (2003a) argue that incumbent intentions, family commitment, and successor availability determine engagement in succession planning activities. Umans et al. (2018) further highlight that both family and business governance practices are pivotal in structuring these activities. Parenting styles influence how these governance and planning mechanisms are enacted, shaping successors' involvement and preparedness (Shanine et al., 2022).

By integrating relational dynamics with formal managerial processes, succession planning can channel the effects of parenting styles into tangible succession outcomes. Nevertheless, empirical studies testing this mediating relationship in a single quantitative model remain limited.

To address this gap, this study examines succession planning as a mediating mechanism linking parenting style and succession success. Accordingly, the following hypothesis is proposed:

H4: Succession planning mediates the relationship between parenting style and succession success.

Research Framework

Figure 1 illustrates the research framework of this study, which depicts the relationship between parenting style and succession success, mediated by succession planning.

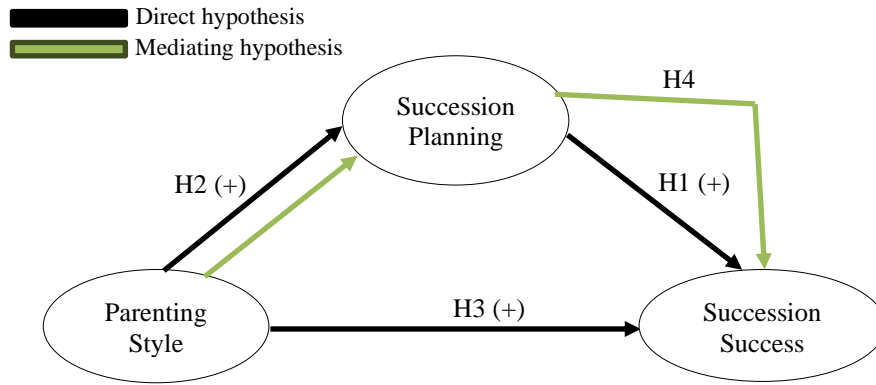


Figure 1. Research Framework
(Source: by the author)

This framework suggests that the style adopted by parents within the family business context shapes the approach to planning for succession and, consequently, the success of passing the leadership torch to the next generation.

Parenting Styles and Their Influence on Succession Planning

Parenting style, as the model suggests, is the starting point of this pathway. Authoritative, authoritarian, and permissive parenting styles, as categorized by U. Echedom et al. (2018) offer distinct approaches to nurturing future leaders of family firms. The literature indicates that authoritative parenting, in particular, correlates with more structured and effective succession planning due to its balanced approach of demandingness and responsiveness.

Succession Planning as a Mediator

Succession planning, as depicted in the model, serves as a mediator between parenting style and succession success. Effective succession planning, which includes choosing a successor, preparing them for leadership, and transitioning the business, is influenced by the style and values imparted by parents. McMullen & Warnick (2015) highlight that parental ambitions and expectations significantly impact the design and execution of succession plans, often reflecting the authoritative, authoritarian, or permissive tendencies of the parent-founders.

Succession Success as the Outcome

The ultimate goal, a succession success, is the result of the interplay between parenting style and succession planning. Studies have consistently found that a well-planned succession process, informed by a suitable parenting style, is more likely to result in a seamless transition of leadership within the family business.

Methodology

Research Design and Data Collection

This study adopts a quantitative research design using a survey-based approach. Data were collected through a structured questionnaire administered to family business members who are directly involved in succession processes, either as incumbents (founders/owners) or as next-generation successors. A total of 210

valid responses were obtained and used in subsequent analysis, exceeding the minimum sample size requirements.

Sampling Method and Respondent Profile

The study employed purposive sampling to ensure respondents met specific criteria relevant to the research objectives. Respondents were selected based on the following conditions: (1) they were members of a family-owned business, (2) they were actively involved in, or affected by, succession planning processes, and (3) they had sufficient knowledge of family and business dynamics related to leadership transition. This criterion ensures that respondents possess direct experiential knowledge relevant to succession planning and succession outcomes in family firms.

Measurement of Variables

The key constructs in this study—Parenting Style, Succession Planning, and Succession Success—were measured using a five-point Likert scale, ranging from 1 (*strongly disagree*) to 5 (*strongly agree*). The operational definitions, dimensions, indicators, and sample measurement items for each construct are summarized in Table 1.

Table 1. Description and Measurement of Research Variables

Variable	Operational Definition	Dimensions	Indicators
Parenting Style (X)	The pattern of behaviors demonstrated by parents (founders/incumbents) in raising, mentoring, and involving their children as potential successors in the family business, reflected through levels of warmth, control, communication, and autonomy support (Baumrind, 1967; Shanine et al., 2022).	Responsiveness (Warmth & Support)	Emotional support; Open communication
		Demandingness (Control & Expectations)	Clear rules; Performance expectations
		Autonomy Support	Trust; Decision involvement
Succession Planning (M)	A structured and systematic process undertaken by the family firm to identify, prepare, and develop a successor in order to ensure continuity of leadership and ownership (Sharma, 2003; Umans et al., 2021)	Successor Identification	Clarity of successor
		Successor Development	Training; Mentoring; Knowledge transfer
		Communication & Involvement	Open communication; Participation

		Role Clarification	Post-succession role clarity
Succession Success (Y)	The extent to which the leadership transition in a family business is successfully implemented, reflected in leadership continuity, post-succession performance, and sustained family harmony (Sharma et al., 2003b; Suárez & Santana, 2012; Umans et al., 2018).	Leadership Continuity	Smooth leadership transition
		Post-Succession Performance	Business stability and performance
		Family Harmony	Trust; Low conflict
		Successor Legitimacy	Acceptance and credibility

Source: by the author

Data Analysis Technique

Data analysis was conducted using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach, implemented through SmartPLS software version 4. PLS-SEM was selected due to its suitability for predictive research, its ability to handle complex models involving mediation effects, and its robustness when working with relatively moderate sample sizes.

The analysis followed a two-stage procedure. First, the measurement model was evaluated by assessing indicator reliability, internal consistency reliability, convergent validity, and discriminant validity using established criteria such as factor loadings, composite reliability (CR), average variance extracted (AVE), and the heterotrait–monotrait ratio (HTMT). Second, the structural model was assessed by examining path coefficients, t-values, and p-values obtained through a bootstrapping procedure, as well as explanatory power (R^2) to evaluate the proposed hypotheses.

Result and Discussion

Measurement Model Evaluation

The measurement model was assessed to ensure that each construct demonstrated adequate reliability and validity prior to testing the structural relationships among latent variables. The evaluation included internal consistency reliability, convergent validity, and discriminant validity.

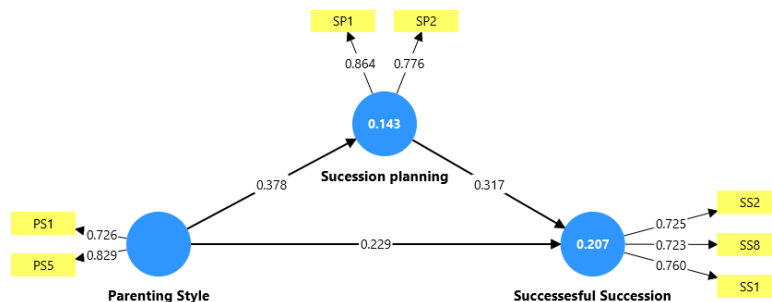


Figure 2. Outer Model Measurement
(Source: by the author)

In Figure 2 showed that initially, each latent construct was operationalized using nine observed indicators; however, following the *outer loading* assessment, only items with loadings above 0.70 were retained, resulting in two valid indicators per construct in the final model. In PLS-SEM, constructs may be reliably measured using a minimum of two indicators provided that convergent validity and composite reliability are achieved (Sarstedt & Liu, 2024; Hair et al., 2024).

Table 2. Internal Consistency Reliability

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Parenting Style	0.357	0.366	0.755	0.607
Succession success	0.578	0.581	0.780	0.541
Succession planning	0.521	0.538	0.805	0.674

Source: Results of data analysis

As shown in Table 2, the Cronbach's alpha values for the three constructs were 0.357 (Parenting Style), 0.578 (Succession Success), and 0.521 (Succession Planning). Although these values are below the conventional threshold of 0.70, the Composite Reliability (CR) values exceeded the recommended cutoff, with 0.755, 0.780, and 0.805, respectively. Composite reliability is considered a more accurate reliability measure in PLS-SEM because it accounts for differences in indicator loadings, whereas Cronbach's alpha assumes equal indicator reliability, an assumption that is rarely met in variance-based structural equation modeling (Henseler et al., 2009; Hair et al., 2024). Low Cronbach's alpha values should therefore not be interpreted as measurement weakness when composite reliability and AVE exceed recommended thresholds in PLS-SEM. Hence, all constructs demonstrate acceptable construct reliability.

Convergent Validity

The Average Variance Extracted (AVE) in Table 2, values were 0.607 (Parenting Style), 0.541 (Succession Success), and 0.674 (Succession Planning) — all exceeding the minimum threshold of 0.50 (Fornell & Larcker, 1981). This confirms that the indicators explain more than 50% of the variance of their respective constructs, satisfying the criterion for convergent validity.

Table 3. Discriminant Validity

	Parenting Style	Succession success	Succession planning
Parenting Style			
Succession success	0.743		
Succession planning	0.857	0.731	

Source: Results of data analysis

The Heterotrait–Monotrait Ratio (HTMT) in Table 3, values were 0.743 (Parenting Style–Succession Success), 0.857 (Parenting Style–Succession

Planning), and 0.731 (Succession Planning–Succession Success). All values are below the 0.90 threshold (Henseler et al., 2015)(Henseler et al., 2015), indicating that discriminant validity is achieved. This suggests that the constructs are empirically distinct and that multicollinearity is not a concern. Taken together, the measurement model meets the criteria for reliability and validity and can thus be considered satisfactory for further structural model analysis.

Structural Model Evaluation

Path Coefficients

The path coefficients reveal that all hypothesized relationships are positive and statistically significant. The results are summarized in Table 4 and interpreted in Table 5.

Table 4. Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Parenting Style -> Succession Success	0.229	0.232	0.077	2.987	0.003
Parenting Style -> Succession planning	0.378	0.383	0.063	6.040	0.000
Succession planning -> Succession Success	0.317	0.321	0.069	4.603	0.000

Source: Results of data analysis

Table 5. Path Coefficient Interpretation

Path Relationship	Path Coefficient (β)	Interpretation
Parenting Style → Succession Success	0.229	Positive and significant direct effect
Parenting Style → Succession Planning	0.378	Strong and significant positive effect
Succession Planning → Succession Success	0.317	Moderate and significant positive effect

Source: Results of data analysis

These results indicate that Parenting Style influences Succession Success both directly and indirectly through Succession Planning, as shown in Table 6.

Table 6. Indirect Effects and Mediation

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Parenting Style -> Succession planning -> Succession Success	0.120	0.123	0.035	3.451	0.001

Source: Results of data analysis

The indirect effect of Parenting Style on Succession Success through Succession Planning is $\beta = 0.120$, with $T = 3.451$ and $p = 0.001$, indicating a statistically significant mediating effect. The direct effect ($\beta = 0.229$; $p < 0.001$) remains

significant, confirming that Succession Planning partially mediates the relationship between Parenting Style and Succession Success. The results are shown in Table 7.

Table 7. Total Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Parenting Style -> Succession Success	0.348	0.355	0.068	5.155	0.000

Source: Results of data analysis

The total effect is calculated as:

$$0.229 + 0.120 = 0.349$$

This implies that a positive and supportive parenting style enhances success both directly and indirectly by fostering better succession planning.

Table 8. Coefficient of Determination (R²)

	R-square	R-square adjusted
Succession success	0.207	0.199
Succession planning	0.143	0.139

Source: Results of data analysis

In Table 8, 20.7% of the variance in Succession Success is explained by Parenting Style and Succession Planning, while 14.3% of the variance in Succession Planning is explained by Parenting Style. According to Ringle & Sarstedt (2021), R² values of 0.19, 0.33, and 0.67 indicate weak, moderate, and substantial explanatory power, respectively. Thus, the current model demonstrates weak-to-moderate explanatory power, which is acceptable given the behavioral and social nature of family business dynamics. The results also suggest that additional factors, such as family communication, shared vision, or organizational readiness, may further explain succession success.

Effect Size (f²)

The f² values assess the impact of each exogenous construct on the endogenous variables when excluded from the model (as shown in Table 9).

Table 9. Effect Size

	Parenting Style	Succession success	Succession planning
Parenting Style		0.056	0.167
Succession success			
Succession planning		0.108	

Source: Results of data analysis

Following Ringle & Sarstedt (2021), thresholds for f² are 0.02 (small), 0.15 (medium), and 0.35 (large). These findings indicate that Parenting Style exerts a moderate effect on Succession Planning, and both Parenting Style and Succession Planning contribute modestly to Succession Success.

Predictive Relevance (Q^2) Analysis

The predictive relevance (Q^2) of the structural model was assessed using the blindfolding procedure in SmartPLS. This test evaluates the model's out-of-sample predictive capability, complementing the coefficient of determination (R^2), which assesses in-sample explanatory power (Ringle & Sarstedt et al, 2021) The cross-validated redundancy Q^2 values for each endogenous construct were computed using the omission distance ($D = 7$), ensuring the number of observations was not divisible by D (as shown in Table 10).

Table 10. Predictive Relevance

Endogenous Construct	Q^2 Value	Interpretation
Succession Planning	0.137	Small predictive relevance
Succession Success	0.215	Medium predictive relevance

Source: Results of data analysis

According to the thresholds proposed by Ringle & Sarstedt (2021) states that Q^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large predictive relevance, respectively. The results show in Figure 11 that the Succession Planning construct achieved a Q^2 of 0.137, signifying small predictive relevance, while Succession Success achieved 0.215, indicating moderate predictive relevance.

This means that the model possesses an acceptable level of predictive accuracy, particularly for the key endogenous variable *Succession Success*. In other words, the relationships among Parenting Style, Succession Planning, and Succession Success are not only statistically significant (as indicated by path coefficients and f^2 effect sizes) but also reliably predict unseen data beyond the estimation sample.

The Q^2 results validate that the proposed PLS-SEM model possesses adequate predictive relevance, particularly for *Succession Success*. The combined use of relational (Parenting Style) and structural (Succession Planning) factors enhances the model's capacity to predict real-life succession outcomes, supporting its theoretical and practical robustness.

Discussion***Parenting Style and Succession Success***

The results indicate that parenting style has a positive and significant direct effect on succession success. This finding suggests that a supportive, participative, and communicative parenting approach enhances successor readiness, confidence, and commitment toward the family enterprise. Founders who empower and trust their successors create a relational environment that facilitates psychological ownership and leadership legitimacy, which in turn increases the likelihood of a successful generational transition.

This result extends prior studies emphasizing the importance of successor motivation and self-efficacy (Garcia et al., 2018; Shanine et al., 2022; Rau, 2023; Lyons et al., 2023; Suhartanto, 2023)) by demonstrating that parenting style exerts an independent influence on succession outcomes, beyond formal planning mechanisms. The finding reinforces the view that succession success is deeply rooted in long-term family socialization processes, where values related to

responsibility, autonomy, and leadership are internalized by the next generation (Alshibani & Alshebami, 2025; Yue et al., 2025).

Parenting Style and Succession Planning

The analysis further reveals that parenting style has a stronger effect on succession planning, indicating a moderate effect size. This result highlights the role of parenting style as a key antecedent of how succession planning is designed and implemented in family firms. Constructive parenting styles encourage founders to involve successors early in strategic discussions, decision-making processes, and leadership development activities, thereby fostering competence, accountability, and a sense of ownership among next-generation leaders.

This finding contributes to the succession literature by empirically supporting the argument that succession planning is not a purely technical or governance-driven process (Sharma et al., 2003a; Umans et al., 2018), but is significantly shaped by relational dynamics within the family. Parenting styles characterized by openness and autonomy support appear to facilitate more formalized, transparent, and participatory succession planning processes.

Succession Planning and Succession Success

Aligning with prior research, succession planning shows a significant effect on succession success. A well-prepared succession plan functions as an essential managerial mechanism that facilitates smooth leadership transition, reduces ambiguity, and mitigates intergenerational conflict. Formal succession planning enhances transparency, clarifies roles, and ensures continuity of strategic direction across generations (Chan et al., 2020; Shahzad et al., 2024; Liu et al., 2024).

This result aligns with established findings that structured succession planning increases the likelihood of post-succession stability and performance (Mokhber et al., 2017; Umans et al., 2018). Importantly, the moderate effect size suggests that while succession planning is critical, it does not operate in isolation and must be supported by conducive family relational contexts.

Mediating Role of Succession Planning

The mediation analysis confirms that succession planning partially mediates the relationship between parenting style and succession success. This finding provides strong empirical support for the study's central proposition that positive parenting styles translate into higher succession success through the establishment of effective succession planning mechanisms.

This result advances the literature by empirically demonstrating the mechanism through which relational factors are institutionalized into structural processes. While previous studies have separately emphasized the importance of family relationship quality (soft factors) and formal management systems (hard factors), this study integrates both perspectives into a single explanatory framework. The findings resonate with Sharma et al. (2003b) and Le Breton-Miller et al. (2015), who argue that sustainable generational continuity requires the alignment of family harmony and professional management practices.

Theoretical Contributions

This study makes several theoretical contributions to family business and succession research. First, it reinforces the notion that succession success is driven by the interaction between family relational capital and structured managerial planning, rather than by either dimension alone. By integrating parenting style into succession models, the study extends traditional succession frameworks that have predominantly focused on governance and strategic planning. Second, the study contributes to theory by empirically validating succession planning as a mediating mechanism that connects family-level psychological processes with organizational-level outcomes. This relational–structural integration provides a more holistic explanation of intergenerational continuity and addresses a key gap in the existing literature.

Third, by employing a quantitative PLS-SEM approach in an Asian family business context, the study adds empirical evidence from a cultural setting that has been underrepresented in prior succession research. This finding is particularly relevant for family firms in Indonesia or emerging-market contexts, where family authority, intergenerational hierarchy, and informal socialization processes play a stronger role in succession dynamics, thereby enhancing the contextual richness and generalizability of succession theory.

Practical Implications

From a practical perspective, the findings suggest that founders should consciously cultivate democratic, empowering, and communicative parenting styles that nurture successor engagement and accountability. Such approaches not only strengthen relational bonds but also encourage successors to actively participate in succession planning and leadership development processes.

Moreover, succession planning should be formalized and implemented in a participatory manner, involving key family members and relevant stakeholders. Transparent communication, early role clarification, and structured mentoring programs can help reduce ambiguity and conflict during leadership transition. Importantly, succession planning initiatives should integrate both family values and business competencies, ensuring that successors are prepared not only technically but also emotionally and relationally.

Conclusion

This study investigated how parenting style influences succession success in family businesses, both directly and indirectly through succession planning. The results support the full model: constructive parenting is positively associated with succession planning and succession success, and succession planning also contributes positively to succession success. Importantly, succession planning partially mediates the relationship between parenting style and succession success, indicating that relational strengths in the family are most impactful when translated into formal and participatory planning mechanisms.

The findings reinforce a hybrid view of succession: continuity is built through the synergy between relational capital (e.g., trust, open communication, empowerment) and structural preparedness (e.g., systematic successor preparation and transparent transition processes). Practically, founders should cultivate supportive parenting behaviors while institutionalizing clear succession plans to

reduce ambiguity and conflict and to strengthen next-generation readiness.

This study is subject to limitations, including modest explanatory power and the cross-sectional design. Future research may extend the model by incorporating additional relational constructs (e.g., family communication patterns, cultural values) and applying longitudinal or mixed-method designs to capture succession as a dynamic intergenerational process.

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