Determinants of woodcraft family business success

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CHRONICLE	ABSTRACT
	The woodcraft industry has been developing in Bali for more than half a century in the form of family business (SMEs) which is currently managed by the third generation or the transition from the second to the third generation, where this phase is the climax of the family business. Apart from contributing to tourism, this craft business also has cultural values. Moreover, the tourism situation and macroeconomic shocks have had an impact on business conditions. This research aims to analyze the performance of a woodcraft family business based on a family and financial approach, through a two by two matrix analysis as well as to analyze the determining factors of willingness to succession of woodcraft family business in Bali, with MICMAC analysis. The results show that the performance of the family business in this case is high emotional but low financial capital. There are 18 identified factors related to the willingness to succeed in the woodcraft family business, and the most influential factor (existing and forecasting) is the participative leadership style, while the most dependent is personal interest which is the involvement of the successor from an early age in family business activities.

1. Introduction

The Province of Bali is a popular tourist destination in the world, known for its natural beauty, culture and customs of its people (Mudana et al., 2018; Wiweka & Chevalier, 2022; Wijaya et al., 2020). International tourist trips to Bali have started since the early 20th century, around 1920 to be precise (Antara & Sumarniasih, 2017). The development of Bali tourism has so far been supported by the existence of the creative industry (Darma et al., 2019), and the creative industry is also driven by tourism activities (Hidayat & Asmara, 2017). The creative industry can be said to be a commercialized cultural industry (The Canadian Policy Research Group, 2013), so it is only natural that the creative industry is growing rapidly in Bali. Indonesia Agency for Creative Economy (a.k.a. Bekraf) has included 16 sectors in the creative industry category, i.e.: (1) games application and development, (2) architecture, (3) interior design, (4) visual communication design, (5) product design, (6) fashion, (7) film-animation-video, (8) photography, (9) crafts, (10) culinary, (11) music, (12) publishing, (13) advertising, (14) performing arts, (15) art, (16) television and radio content (Setiawan, 2018). Burns and Holden (1995) argue that tourism can lead to industrialization of local culture. This has happened in Bali, where Balinese culture, especially in the form of handicrafts, has been made into a commodity or has undergone an industrialization process for consumption by tourists (Sukarini et al., 2019). Handicraft is a type of creative industry that has been developing for a long time in Bali. Bali is culturally rich with Indonesian art and culture entwined with age-old traditions (Rachel, 2016). There are various handicraft industries in Bali, such as woven crafts, gold and silver crafts, woodcarving crafts, and others. Gianyar Regency is one of the areas with villages which is famous for having many villages with their own unique arts and crafts. For example Tegallalang Village with sculpture, Ubud Village with painting and wood carving, Celuk Village is famous for its gold and silver handicrafts. There is also Mas Village which is famous for its wooden carvings and statues, and most of the people

have jobs related to this industry, both household, small, medium and large industries (Sukarini et al., 2019). Even Balinese wooden handicrafts, especially Gianyar Regency, have been exported to the United States, Germany, Sweden, Australia, France, Canada, England and several other countries (Gayatri & Setiawina, 2016).

Table 1
Good Exports of Bali Province Based on 10 Main Commodities, in January 2021, December 2021 and January 2022

| No | Commodity | January 2021 (US$) | December 2021 (US$) | January 2022 | | Growth (%) | |
				Value (US$)	%	Jan 21 to Jan 22	Dec 21 to Jan 22
1	Fish, crustaceans, mollucas	9,316,659	15,544,399	12,258,614	28.02	31.58	-21.14
2	Clothes and accessories (not knitted or crocheted)	4,071,968	5,694,817	5,339,018	12.20	31.12	-6.25
3	Precious metals and jewelrt/gems	4,928,441	5,901,535	4,728,072	10.81	-4.07	-19.88
4	Wood and articles from wood	2,064,726	3,908,201	3,692,259	8.44	78.83	-5.53
5	Paper, paperboard, and articles of pulp	1,368,417	3,102,033	2,277,360	5.21	66.42	-26.58
6	Clothes and accessories (knitted or crocheted)	1,944,980	2,742,321	2,132,868	4.88	9.66	-22.22
7	Furniture, lighting signs, prefabricated buildings	1,362,791	2,237,463	1,991,201	4.55	46.11	-11.01
8	Manufactures of plaiting materials	1,273,072	1,726,052	1,807,700	4.13	42.00	4.73
9	Raw hides and skins (other than furskins) and leather	915,857	1,034,313	951,687	2.18	3.91	-7.99
10	Miscellaneous articles of base metal	531,124	996,917	793,164	1.81	49.34	-20.44
11	Others	7,501,220	8,902,437	7,779,138	17.78	3.70	-12.62
	Total	35,279,255	51,790,489	43,751,081	100.00	24.01	-15.52

Source: Statistics of Bali Province, 2022

Mas Village is the center of the woodcraft industry in Gianyar, even in Ubud District, Mas Village is the village with the most business units, namely around 50 business units (41% of woodcraft business units) (Widyastiti & Karmini, 2021). The woodcraft industry in Mas Village is generally a cultural industry which is a family business and has developed for more than five decades, so that currently the woodcraft business units are generally led by the second or third generation.

The existence of the woodcraft business in Bali has had its ups and downs. If you make observations along the Mas Village main road, you can see rows of workshops and woodcraft artshops. However, currently there is a shift or shift in the business line of the woodcraft industry center in Mas Village. The results of initial interviews with several business people stated that this happened because the family business was not managed seriously by the next generation. Or the successor prefers other business lines that are considered more potential.

Craft businesses in various other countries are also used to support tourism, and are generally family businesses (Tatiyanantakul & Kovathanakul, 2014). Family business in general is a business that is managed by people with family ties, and passed on to the next generation. Indeed, until now there is no concise, measurable, and agreed definition of family business, so that experts often differentiate this business based on the percentage of ownership, strategic control, involvement of multiple generations, and the intention for the business to remain in the family (Poutziouris et al., 2006).

Family relationships in business are like a double-edged sword, on the one hand they can be a strength in interpersonal relationships and facilitate communication, but they can also trigger conflict, which is almost always present in family businesses (Memili et al., 2015; Muskat & Zehrer, 2017). Apart from conflicts in management, family businesses also often experience conflicts in leadership succession (Wibowo, 2018). Most family businesses cannot survive for the third generation, where the mortality rate becomes much higher during the owner-second generation transition (Poutziouris et al., 2006).

Likewise with the woodcraft family business in Bali, especially in Mas Village, which is currently in its third generation or second generation transition, so it is in the climax stage. Succession in the family business is a crucial issue (Wibowo, 2018). Therefore it is very important and interesting to study the factors related to the willingness to succession in the woodcraft family business. The purpose of this research is to analyze the current performance of the woodcraft family business in Bali in terms of family and business dimensions. Next is to map and analyze the factors related to the willingness to succession in the woodcraft family business in Bali.

2. Material and method

2.1 Concept of family business

The field of study of family business aims to develop a 'theory of family firms' that takes into account the interrelationships between families and business systems (Poutziouris et al., 2006). Precisely is when organizational theories and family system theories are operated together.
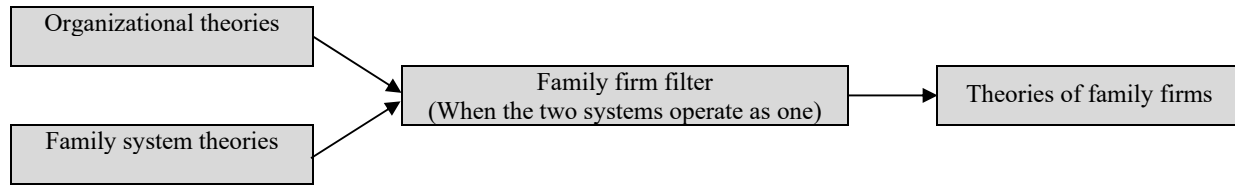
Fig. 1. The Development of Theories of Family Firms
Source: Poutziouris et al. (2006)

In addition, over time, the complexity of family and business grows over time, so performance and succession measurement is important. Some researchers (Sharma et al., 2001) associate the succession of a family firm with two things, namely the company's results after succession, and family satisfaction with the succession process as a whole (Gimeno et al., 1997). So there are always non-economic factors that must also be considered in a family business.

2.2 Research design

Research on family business is often constrained in obtaining accurate information (Poutziouris et al., 2006). Therefore, this study will use FGDs involving experts, associations of wood craftsmen, including business actors in Mas Village, to obtain valid information. The FGD was conducted to collect information about the condition of the existing woodcraft family business, identify factors that influence the succession stage, and provide value input for data analysis through sustainability analysis.

2.3 Concepts and measurement of the performance of family business

Family business has a measure of success (performance) not only in the business/financial dimension, but also in the family dimension, so that a family business may be successful in one or both of these dimensions. To answer the first research question related to family business performance, position analysis is carried out in the two by two matrix from Poutziouris et al. (2006), which presents family business performance based on the business dimension and family dimension. So that a proposition can be arranged where the performance of the family business is as follows:

Family business performance = f(financial, familiness)

		Positive	Negative
Business Dimention	**Positive**	I Warm hearts Deep pockets High emotional and financial capital	II Pained hearts Deep pockets High financial but low emotional capital
	Negative	III Warm hearts Empty pockets High emotional but low financial capitale	IV Pained hearts Empty pockets Low financial and emotional capital

Fig. 2. Performance of family business
Source: Poutziouris et al., 2006

Each quadrant in Fig. 2 can be explained as follows (Poutziouris et al., 2006):

- Warm hearts–deep pockets Firms in Quadrant I are the successful family firms; they experience profitable business as well as family harmony. In other words, they enjoy high cumulative stocks of both financial and emotional capital that may help sustain the family and business through turbulent economic and emotional times.

- Pained hearts–deep pockets Quadrant II firms are characterized by business success but also are tension prone or exhibit failed family relationships.

- Warm hearts–empty pockets Quadrant III firms enjoy strong relationships among family members, though their businesses are low performers. In other words, they are endowed with high levels of emotional capital but low financial capital.

- Pained hearts–empty pockets Quadrant IV firms are failed firms that perform poorly on both the family and business end. Although failure on the business dimension can be used as a learning experience that may even enable these family members to launch another venture in future.

The business dimensions and family dimensions that will be assessed according to the family business performance approach in Fig. 1 are measured through several indicators in Table 2.

Table 2
Family Business Operational Performance

Variable	Theme	Indicators/Items	
Family Dimension (x)	Satisfaction of family	Q1	Satisfaction of the family members
		Q2	Satisfaction of the family employees
		Q3	Satisfaction of the successor
	Socioemotional wealth	Q4	Conflict of interest
		Q5	Emotional bonds
	Family power/experience and culture scale	Q6	Business, family, and cultural value
		Q7	Effort of family employees to help the family business be successful
		Q8	Continuing the family legacy and traditions
Financial Dimension (y)	Characteristic of business	Q9	Productivity index
		Q10	Sales growth
		Q11	Market share growth
	Business/economic aspect	Q12	Economic profitability
		Q13	Rate of returns on capital
		Q14	Rate of returns on assets
	Professionalization	Q15	Employees commitment
		Q16	Internal control and evaluation

Source: Utrilla & Torraleja, 2012; Aragon et al., 2017 (elaborated)

To determine performance, stakeholders provide an assessment of these indicators, with a choice of scores -2 (very bad), -1 (poor), 0 (neutral/constant), 1 (good), 2 (very good). Furthermore, after the score tabulation, the position in the two by two matrix is determined by the equation:

$$x, y = \frac{\sum x}{n_x}, \frac{\sum y}{n_y}$$

where:
X = score for the family dimension
Y = score for the business dimension
N = number of indicators

2.4 MICMAC analysis

This research also uses MICMAC sustainability analysis which is a structural analysis tool for determining essential variables in a system (Fauzi, 2019, Wijaya et al., 2020). The variable referred to in this study is related to the willingness to succession in the woodcraft family business in Bali. MICMAC will map each variable in the following quadrants.
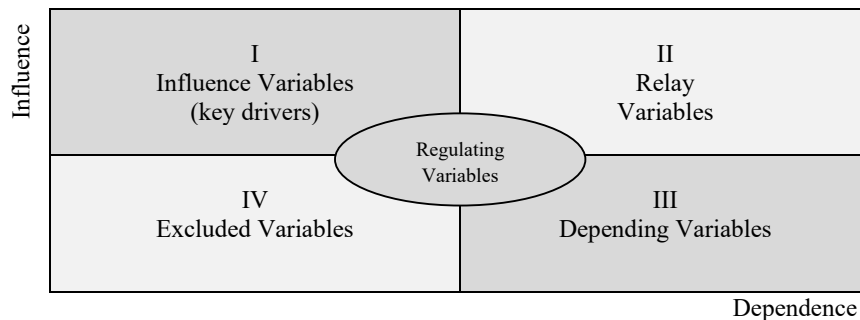

Fig. 3. Variable Mapping in MICMAC
Source: Fauzi (2019)

It can be explained about each quadrant in the MICMAC output mapping, as follows (Fauzi, 2019):

- Influence variables (key drivers) in Quadrant I are the most crucial variables and act as key factors.

- Relay variables in Quadrant II are variables that are influential but very dependent, so they are often categorized as factors that describe the instability of a system,

- Depending variables in Quadrant III are variables with high dependency but have little effect. This variable tends to be sensitive to changes in variable influence and variable relay.

- Excluded variables or autonomous variables in Quadrant IV are variables with little influence and dependency, so they are said to be excluded because they will not stop a system from working.

Apart from that, there is also a middle area for regulating variables, which are variables that are adjustable and controllable, and usually don't need to be discussed or deal with their priorities (Hsiu et al., 2009).

2.5 Factors identification

Based on the literature review and FGD, it is possible to identify factors related to the willingness to succession in the woodcraft family business in Bali, as presented in Table 3.

Table 3
Factors Related to the Willingness to Succession of Woodcraft Family Business

No	Long Label	Short Label	Description	Source
1	Owner/Predecessor characteristics	own.carac	Characteristics (behaviour/traits/character) of the owner/predecessor	Coffman (2014)
2	Successor's working experience in family business	WE.in	Involvement of successors to work in the family business	Chanchotiyan & Asavanant (2020)
3	Successor's working experience in other company	WE.ex	Work experience in other businesses will provide opportunities for the next generation to learn business standards in operations	Chanchotiyan & Asavanant (2020), Ward (1997, 2011)
4	Industry specific knowledge	knowld	Knowledge about family business	Venter et al. (2005), Ward (1997, 2011)
5	Industry specific skills	skill	Specific skill in wood industry	Alayo et al. (2016), Mokhber et al. (2017)
6	Reward or cash compensation	cash	Obtain a minimum cash reward comparable to other similar companies	Aronoff et al. (1993, 2011)
7	Attractive compensation (non-cash)	non-cash	Attractive compensation, enjoyable work, which is alignment of personal interest or needs	Ward (1997, 2011)
8	Personal interest	interest	Early involvement of the successor in family business activities makes it easier for the successor to understand the value of the family business	Venter et al. (2005), Ibrahim et al. (2004), Chanchotiyan & Asavanant (2020)
9	Personal needs alignment	person.need	Suitability to the personal needs of the successor	Venter et al. (2005)
10	Commitment to the company	commit	Involvement since childhood to explain the contribution of the family business in supporting the family	Chrisman et al. (1998)
11	Trust in the successor's	trust.suc	Belief in the ability and intentions of the successor	Venter et al. (2005)
12	Relationship among family members	relat.fam	Manage family relationships well	Venter et al. (2003), Ward (1997, 2011)
13	Relationship between predecessors and successors	pred-suc	Roles and responsibilities are clear in a family business	Alayo et al. (2016), Venter et al. (2005), Ziniel & Voithofer (2016)
14	Participation leadership style	part.lead	Participatory leadership type in running a family business	Coffman (2014)
15	Enterprise Characteristics	ent.carac	Company characteristics such as market share and business scale	Coffman (2014)
16	Business formality	bus.form	Formal legal form of business	Coffman (2014)
17	Access to capital	ac.capital	The tendency of firm access to obtain capital	Coffman (2014)
18	External variable	ex.var	Surrounding macroeconomic conditions	Coffman (2014)

Source: Own elaboration (2022)

3. Results and discussion

3.1 Performance of woodcraft family business

Measuring family business performance certainly does not only pay attention to business aspects, and cannot be separated from traditional economics and kinship. Based on the results of data analysis related to performance measurement, it can be seen the trend of the existing condition of each indicator.

Table 4

The trend of the existing conditions on the performance measurement indicators of the woodcraft family business

Family Dimension		
Positive	:	Satisfaction of the family members; Satisfaction of the family employees; Emotional bonds; Business, family, and cultural value; Continuing the family legacy and traditions
Constant	:	Satisfaction of the successor; Effort of family employees to help the family business be successful
Negative	:	Conflict of interest
Business Dimension		
Positive	:	Employees commitment; Internal control and evaluation
Constant	:	Economic profitability; Rate of returns on capital; Rate of returns on assets
Negative	:	Productivity index; Sales growth; Market share growth

Source: processed data (2022)

In accordance with the results of the calculation of the indicator scores in each dimension, x,y = 0.5,-0.125 is obtained so that the performance position of the existing woodcraft family business is in quadrant III. The position in quadrant III means that the performance of the family business in the woodcraft industry is currently with high emotions (warm hearts) but low financial capital (empty pockets).

5.2 Mapping of factors related to successor willingness

Based on the results of the MICMAC analysis, it is possible to map the position of each factor related to the willingness to succession in the woodcraft family business, as shown in Fig. 4.
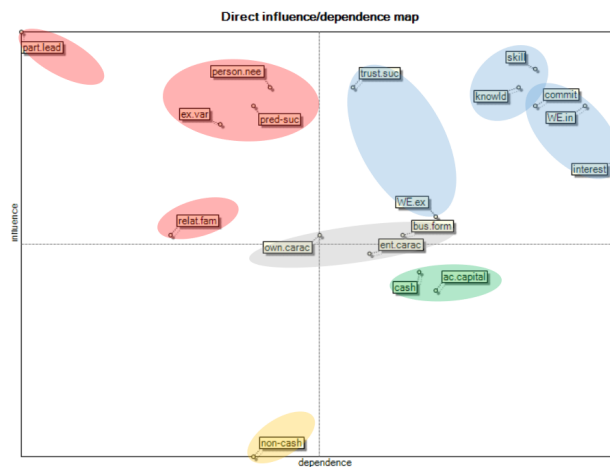
Fig. 4. Direct Influence/Dependence Map

Based on Fig. 4, it can be seen the position of each factor/variable on the direct influence/dependence graph. More clearly, the classification of the position of each variable is presented in Table 5.

Table 5

Typology of Variable Based on Direct Influence/Dependence Graph

Influence Variables	Relay Variables	Depending Variables	Exclude Variables	Regulatory Variables
1. Participation leadership style 2. Personal needs alignment 3. Relationship between predecessors and successors 4. External variable 5. Relationship among family members	1. Industry specific skills 2. Industry specific knowledge 3. Trust in the successor's 4. Commitment to the company 5. Successor's working experience in family business 6. Personal interest 7. Successor's working experience in other company	1. Reward or cash compensation 2. Access to capital	1. Attractive compensation (non-cash)	1. Owner/ Predecessor characteristics 2. Business formality 3. Enterprise Characteristics

MICMAC also provides information about the strength of each effect between variables. Figure 4 presents the influence between variables, namely: 1) red line, indicated that the influence was very strong; 2) thick blue line, indicating that the influence was relatively strong; 3) a thin blue liner, indicating that the influence was moderate; 4) black line, indicated that the influence was weak; and 5) dashed line, indicating that the influence was very weak.
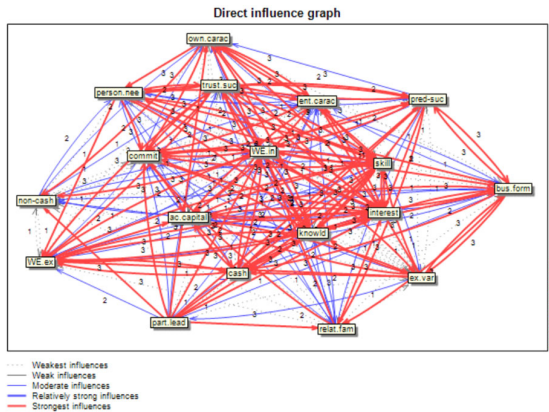

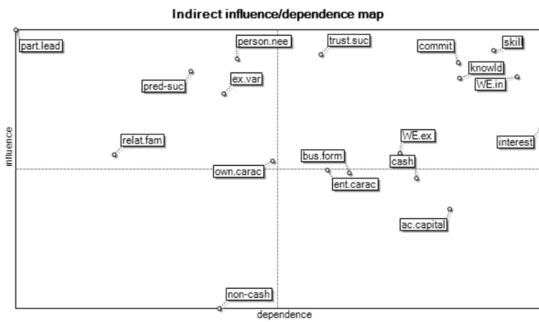**Fig. 5**. Intensity of Direct Influence Variables

Fig. 6. Indirect Influence/Dependence Map

The influence between variables is very important as a basis for determining decisions or policies for stakeholders. In addition, it is very important to obtain information about the stability of the system, namely the influential variables, so it is necessary to re-identify based on indirect influences. Fig. 6 presents a map of indirect influence/dependence map. If Fig. 6 is compared with Fig. 4 previously, it can be seen that there is no change in the variable position of the direct effect classification. This means that the cariables classified as direct effects are stable (Ariyani et al., 2018).

MICMAC also provides an analysis of potential direct influences which illustrates the possibility of changing the classification of variables if there are actions on the system. Fig. 7 presents the potential direct influence/dependence map.
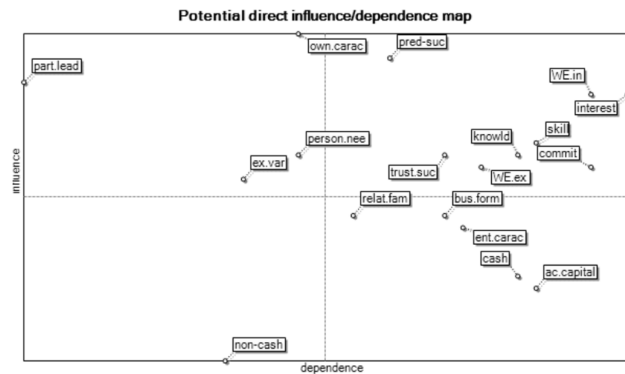
Fig. 7. Potential Direct Influence/Dependence Map

Looking at Fig. 7, we can see that there are several variables that have changed their position, namely the relationship among family members and business formality, which were previously in the input variable (quadrant 1) and the relay variable (quadrant II), shifted to quadrant III (as depending variables). This shift shows that if there is a change in the family business, it will have an impact on the relationships among family members because each member has their own thoughts. Apart from that, the business formality chosen is also strongly influenced by developments in business conditions. This is consistent with the characteristics of depending variables (quadrant III) which have a high dependency. The direct effect on MICMAC refers to existing conditions, while the indirect effect refers to forecasting (future conditions). Forecasting itself is produced from iterations, where the fewer iterations needed (to obtain 100% results), the better. In this case, the iteration was only carried out twice, and the iteration results are presented in Table 6.

Table 6
Matrix Stability

Iteration	Influence	Dependence
1	92%	96%
2	100%	98%

As for changes in existing conditions and forecasting of future conditions as changes in priority levels (both in terms of influence and dependence) can be seen from a comparison of the list of variables sorted by influence and list of variables sorted by dependence which present position changes in direct and indirect influence.

(a) Classement according influences

Rank	Variable		Variable
1	14 - part.lead		14 - part.lead
2	5 - skill		5 - skill
3	4 - knowld		11 - trust.suc
4	9 - person.nee		9 - person.nee
5	11 - trust.suc		10 - commit
6	2 - WE.in		13 - pred-suc
7	10 - commit		2 - WE.in
8	13 - pred-suc		4 - knowld
9	18 - ex.var		18 - ex.var
10	8 - interest		8 - interest
11	3 - WE.ex		3 - WE.ex
12	1 - own.carac		12 - relat.fam
13	12 - relat.fam		1 - own.carac
14	16 - bus.form		15 - ent.carac
15	15 - ent.carac		16 - bus.form
16	6 - cash		6 - cash
17	17 - ac.capital		17 - ac.capital
18	7 - non-cash		7 - non-cash

(b) Classement according dependences

Rank	Variable		Variable
1	8 - interest		8 - interest
2	2 - WE.in		2 - WE.in
3	5 - skill		5 - skill
4	10 - commit		4 - knowld
5	4 - knowld		10 - commit
6	3 - WE.ex		17 - ac.capital
7	17 - ac.capital		6 - cash
8	6 - cash		3 - WE.ex
9	16 - bus.form		16 - bus.form
10	15 - ent.carac		15 - ent.carac
11	11 - trust.suc		11 - trust.suc
12	1 - own.carac		1 - own.carac
13	9 - person.nee		9 - person.nee
14	7 - non-cash		18 - ex.var
15	13 - pred-suc		7 - non-cash
16	18 - ex.var		13 - pred-suc
17	12 - relat.fam		12 - relat.fam
18	14 - part.lead		14 - part.lead

Fig. 8. List of variables sorted by influence and dependence

As part of a policy review, it is very important to know the priority level of each variable. The proportion matrix in Table 7 below presents the ranking proportion which means the most important for the system being evaluated.

Table 7
Matrix Proposition

Rank	Label	Direct influence	Label	Direct dependence	Label	Indirect influence	Label	Indirect dependence	Label	Potential direct influences	Label	Potential direct dependence	Label	Potential indirect influence	Label	Potential indirect dependence
1	part.lead	703	interest	836	part.lead	696	interest	816	own.carac	747	interest	747	own.carac	734	interest	745
2	skill	665	WE.in	798	skill	665	WE.in	786	pred-suc	713	WE.in	713	pred-suc	709	WE.in	711
3	knowld	646	skill	741	trust.suc	659	skill	756	part.lead	679	commit	713	part.lead	678	commit	702
4	person.nee	646	commit	741	person.nee	652	knowld	713	WE.in	662	skill	662	interest	657	ac.capital	676
5	trust.suc	646	knowld	722	commit	646	commit	712	interest	662	ac.capital	662	WE.in	634	skill	663
6	WE.in	627	WE.ex	627	pred-suc	633	ac.capital	701	skill	594	knowld	645	skill	590	cash	660
7	commit	627	ac.capital	627	WE.in	625	cash	659	knowld	577	cash	645	trust.suc	588	knowld	644
8	pred-suc	627	cash	608	knowld	623	WE.ex	639	person.nee	577	WE.ex	611	person.nee	579	WE.ex	611
9	ex.var	608	bus.form	589	ex.var	599	bus.form	575	trust.suc	577	ent.carac	594	commit	573	ent.carac	595
10	interest	570	ent.carac	551	interest	546	ent.carac	547	WE.ex	560	trust.suc	577	knowld	564	trust.suc	593
11	WE.ex	513	trust.suc	532	WE.ex	509	trust.suc	539	commit	560	bus.form	577	WE.ex	549	bus.form	558
12	own.carac	494	own.carac	494	relat.fam	507	own.carac	478	ex.var	543	pred-suc	526	ex.var	527	pred-suc	493
13	relat.fam	494	person.nee	437	own.carac	498	person.nee	433	relat.fam	492	relat.fam	492	relat.fam	505	relat.fam	488
14	bus.form	494	non-cash	418	ent.carac	484	ex.var	416	bus.form	492	own.carac	441	ent.carac	495	person.nee	449
15	ent.carac	475	pred-suc	418	bus.form	479	non-cash	411	ent.carac	475	person.nee	441	bus.form	489	own.carac	435
16	cash	456	ex.var	380	cash	471	pred-suc	375	cash	407	ex.var	390	cash	421	ex.var	420
17	ac.capital	437	relat.fam	323	ac.capital	425	relat.fam	278	ac.capital	390	non-cash	373	ac.capital	380	non-cash	361
18	non-cash	266	part.lead	152	non-cash	274	part.lead	155	non-cash	288	part.lead	186	non-cash	320	part.lead	189

Table 7 shows the priority variables in existing conditions, forecasting, and if there are actions in the system.

- Existing conditions are shown through direct influence and direct dependence. The most influential variable is participation leadership style, followed by industry specific skills and industry specific knowledge. While the most dependent variable is personal interest, followed by the variable of successor's working experience in family business, and industry specific skills variable.

- Forecasting is shown by indirect influence and indirect dependence, where the most influential variables are participation leadership style, followed by industry specific skill variables, and trust in the successor's. Meanwhile, the most dependent variable is not different from the existing condition, namely personal interest, followed by the variable of successor's working experience in family business, and industry specific skills variable.

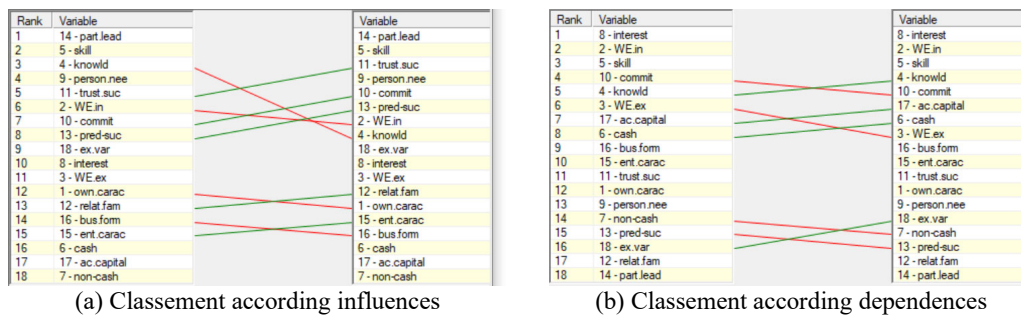- The ranking of variables if there are actions, can be seen from the potential direct influence and potential direct dependence (for existing conditions) as well as potential indirect influence and potential indirect dependence (for forecasting). Where the results on direct and indirect influence, as well as direct and indirect dependence are the same. The most influential variables were owner/predecessor characteristics, followed by the relationship between

predecessors and successors, and participation leadership style. While the most dependent variables are personal interest, working experience in family business, and commitment to the company.

4. Conclusions

The woodcraft family business in Bali is currently experiencing a maturity and critical period, because the management is in the transition from the second to the third generation, or the third generation. The results of the analysis of the performance of the family business using the family and financial approaches show that currently the performance of the woodcraft family business on the familial side is high emotional (warm heart), but tends to be low on the financial side. This also triggers shifts or changes in business lines.

The most influential factor, both in existing conditions (direct influence) and forecasting (indirect influence) is participation leadership style, while the most dependent variable is personal interest which is the early involvement of successors in family business activities making it easier for successors to understand the value of family business. If there are actions or policies implemented to influence factors related to willingness to succession, there will be a shift in potential direct influence, where the most influential factor is the owner/predecessor characteristics, and the most dependent is the involvement of the successor from an early age in family business activities. makes it easier for successors to understand the value of the family business.

The woodcraft industry in Bali has cultural values, so considering its sustainability, several recommendations can be made according to the results of this research. The current owner needs to adopt a participatory leadership pattern by involving successors in the family business, both as employees and directly involved in management. Generally, in the transgeneration process, there are more potential successors than the previous generation, so that the owner can assess the interest and commitment of potential successors earlier. The goal is for the successor to have skills and knowledge related to this industry.

Following up on the results of the analysis regarding the performance of the woodcraft family business, where family relations are still well established, this can be used as social capital to jointly improve the business/financial performance of the business. Meanwhile with regard to the transgenerational process, where in this case the industry is in the transition from the second generation to the third generation, or in the third generation, where the risk of conflict will be higher, then further research can be directed to examine objectives and the interrelationships between actors/stakeholders in this industry. Scientifically, to understand the alignment of the definition of success in family business performance, it is also necessary to know the stakeholders of the family business (Poutziouris et al., 2006). Conversely, if there is inconsistency in defining success in a family business, it indicates a source of conflict (Astrachan & McMilan, 2003). So that prospective analysis through the MACTOR technique needs to be considered in future research.

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