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## TRANSFER OF LEADERSHIP, MANAGEMENT AND FAMILY RELATIONS BETWEEN GENERATIONS

Vanindya Atsilah<sup>1</sup>; Whidya Utami<sup>2</sup>

Universitas Ciputra Surabaya, Indonesia<sup>1,2</sup>

Email : vatsiilah@magister.ciputra.ac.id<sup>1</sup>; whidyautami@ciputra.ac.id<sup>2</sup>

### ABSTRACT

Family companies are very developed in Indonesia, but not all family companies can survive from generation to generation. In the desire to maintain the company, the first generation must prepare potential successors, to continue the family business so that it continues to grow. Preparing a successor or second generation to replace the position of the first generation is called the succession process. This research aims to determine the succession planning carried out by PT. Mahkota Putri Sejati in leadership transfer, management transfer, and family relationships. This research uses a qualitative approach with a case study method. The type of data used in this research is qualitative data in the form of interviews with informants and observations at the company. There are two sources of data for this research, including primary data in the form of interviews and secondary data in the form of documentation or written data by PT. Mahkota Putri Sejati. The results of this research indicate that the transfer of leadership that has been prepared by the first generation to the next generation of PT. Mahkota Putri Sejati is carried out through learning values and norms which will become the foundation for potential successors. Second, the learning and management transfer process carried out by the first generation to the next generation of PT. Mahkota Putri Sejati is carried out directly involving the company's operational activities. As well as family relationships that were instilled by the first generation in the next generation of PT. Mahkota Putri Sejati by instilling an attitude of mutual respect, respect, and openness to all family members involved.

Keywords : Succession Planning; Leadership Transfer; Management Transfer; Family Relations; Family Company

### ABSTRAK

*Perusahaan keluarga sangat berkembang di Indonesia tetapi tidak semua perusahaan keluarga dapat berlanjut dari generasi ke generasi. Dalam menjaga keberlanjutan perusahaan, generasi pertama harus mempersiapkan calon penerus yaitu generasi kedua untuk melanjutkan bisnis keluarga agar terus berkembang. Mempersiapkan penerus atau generasi kedua untuk menggantikan posisi generasi pertama disebut dengan proses suksesi. Penelitian ini bertujuan untuk mengetahui perencanaan suksesi yang dilakukan oleh PT. Mahkota Putri Sejati dalam transfer kepemimpinan, transfer manajemen dan hubungan keluarga. Penelitian ini menggunakan pendekatan kualitatif dengan metode studi kasus. Jenis data yang digunakan dalam penelitian ini adalah data kualitatif berupa hasil wawancara oleh informan dan observasi pada perusahaan. Terdapat dua sumber data untuk penelitian ini antara lain data primer berupa hasil wawancara dan data sekunder berupa dokumentasi atau data tertulis oleh PT. Mahkota Putri Sejati. Hasil penelitian ini menunjukkan bahwa transfer kepemimpinan yang telah dipersiapkan oleh generasi pertama kepada generasi penerus PT. Mahkota Putri Sejati dilakukan melalui*

*pembelajaran nilai dan norma yang akan menjadi landasan bagi calon suksesor. Kedua, Pembelajaran dan proses alih manajemen yang dipersiapkan oleh generasi pertama pada generasi penerus PT Mahkota Putri Sejati dilakukan melibatkan langsung dalam kegiatan operasional perusahaan. Serta Hubungan keluarga yang ditanamkan oleh generasi pertama pada generasi penerus PT Mahkota Putri Sejati dengan menanamkan sikap saling menghargai, menghormati, dan saling terbuka pada seluruh anggota keluarga yang terlibat.*

*Kata kunci : Perencanaan Suksesi; Transfer Kepemimpinan; Transfer Manajemen; Hubungan Keluarga; Perusahaan Keluarga*

## INTRODUCTION

Family businesses are highly developed in Indonesia, but not all family businesses can survive across generations, with many unable to continue into the third generation. According to data from Daya Qarsa, family businesses in Indonesia contribute 82% to the country's Gross Domestic Product (GDP). Beyond contributing to GDP, these businesses have a significant influence across various industries in Indonesia. However, the same data also shows that the percentage of family businesses that can sustain until the third generation is very small; only 13% and 70% of family businesses do not survive to the second generation. Additionally, according to a survey by PwC, more than 80% of family businesses in Indonesia acknowledge that family conflicts occur within the business. It ultimately depends on how the company's management handles relationships among its members to prevent conflicts as much as possible; and even if conflicts occur, how swiftly the management extinguishes them to prevent further escalation, which would eventually disrupt organizational performance (Mustomi et al., 2018).

Family businesses often struggle to sustain themselves due to several factors. First, internal family issues or family interests can lead to conflicts that impact the business. Generally, business values are professional, while family values are more emotional or sentiment-driven. When these two sets of values cannot be balanced, the family business may face decision-making conflicts. Second, the "Next Generation Issue," where the first generation is hesitant to pass on leadership to the next generation, is another internal factor that makes it difficult for family businesses to survive, often due to failures in the succession process. Family businesses naturally encounter problems that can be challenging to resolve, such as trust issues among family members, decision-making conflicts, generational differences in opinion, and unprofessional

business management conflicts. These conflicts, whether small or large in scale, can make it difficult for a business to sustain itself. Peter Englisch, Global Family Business Leader at PwC Germany, stated that family harmony is highly prioritized in family businesses. This harmony can guide family businesses toward sustainable success in the future

To ensure the continuity of a family business, the first generation must prepare a successor, namely the second generation, to continue the family business and foster its growth. Preparing a successor or the second generation to replace the first generation is referred to as the succession process. According to Kusuma (2023), in the succession process, the emotional bond held by the first generation is crucial in selecting, training, and preparing their children as the next generation for the company's continuity. This emotional bond supports a relatively conflict-free succession process, where the successor candidate has already acquired the necessary knowledge and skills to lead the company, and just as importantly, the successor can easily adapt and comfortably receive the transfer from the first generation. Various approaches to the succession process have been implemented by several family businesses in Indonesia. For instance, research by Hayuni (2020) conducted on one company showed that the previous leader never selected a successor to continue the company. However, the successor candidate had a strong motivation to carry on the business, with the former leader serving only as a behind-the-scenes advisor, guiding the successor when they became involved in leading the company. The succession process involved stages where the successor candidate assumed strong responsibility for continuing the company, followed by an evaluation of whether the successor could develop the business further. Additionally, a literature review conducted by Ungerer & Mienie (2018) identified eight variables that can help a family business grow and sustain itself: succession planning, strategic planning, corporate governance, leadership, family values, family capital, family harmony, and business environment.

Based on several journals and literature reviews mentioned above, the researcher has divided the focus of the succession process in this study into three areas: First, the transfer of leadership values, which includes indicators such as personality traits and attitudes within the family and family business, as well as the norms within the company. This focus is supported by the research conducted by Prayogo et al. (2020),

which found that leadership is crucial in developing a family business, as the data analysis showed that the successor generation possesses strong leadership competencies. A leader is someone who utilizes their leadership authority to direct others and takes responsibility for their work in achieving a certain goal (Mustomi & Reptiningsih, 2020). Additionally, the literature review by Ungerer & Mienie (2018) highlighted that family values are a key factor in building a family business. Second is the transfer of management values, including indicators such as the transfer of knowledge or experience from the first generation to the successor generation. This knowledge and experience include responsibilities that must be undertaken, corporate governance, and expertise in managing the family business. These indicators are based on the literature review by Ungerer & Mienie (2018), which also stated that corporate governance is a factor in building a family business. Third, family relationships, include indicators such as intergenerational trust and the commitment of the successor generation. These indicators are based on the research by Galadanchi & Bakar (2018), which explained that commitment, trust, and relationships are considered very important in family businesses for the success and sustainability of the company

The discovery of conflicts in family businesses highlights that the three factors mentioned above are crucial, as found in a study by Margaretha (2019). The research revealed that conflicts within Family Business X often arise from clashes between business interests and family interests, demonstrating that the company frequently experiences conflicts due to differences in family values and business values. Secondly, internal conflicts within the family are often caused by poor communication and other internal issues. Thirdly, internal company conflicts involve corporate governance, where debates frequently occur between family members and employees.

In the study, these conflicts can be categorized into three variables. The first conflict relates to the transfer of leadership, where a leader must understand the company's values, family values, and the attitudes required to embody strong leadership qualities. Internal family conflicts that create an uncomfortable atmosphere within the company can be categorized under conflict anticipation, suggesting that the first generation and potential successors must always prioritize maintaining harmonious family relationships. Thirdly, poor corporate governance, which leads to conflicts between family members and employees, can be associated with the transfer of

management. Here, the transfer of management provides knowledge, experience, and expertise that can be applied to improve corporate governance, ensuring the company has effective management. The findings from several studies indicate that family businesses must pay attention to several factors during the succession process, including at PT. Mahkota Putri Sejati, which is now due for succession.

PT. Mahkota Putri Sejati is a service company in the tour and travel sector that rents out tourist buses in Mojokerto, East Java. The company is a family business founded in 2009 by four siblings. These four siblings each have their own families, making the succession process quite challenging, as many family members will be involved in the family business. From 2009 until 2023, PT. Mahkota Putri Sejati has remained under the control of the first generation.

The first generation of PT. Mahkota Putri Sejati has not yet carried out a structured succession process, meaning that the second generation has not formally been involved in the company to date. The transfer of leadership values by the first generation, particularly regarding personality traits and attitudes within the family, has always emphasized appropriate behavior or manners towards others in general. Additionally, potential successors have been provided with knowledge of family business norms through the experiences shared by the first generation, allowing them to gradually understand the values of a family business they will eventually manage.

The most important aspect of management is value transfer at PT. Mahkota Putri Sejati is the education of potential successors. After completing their education, the transfer of knowledge or experience has been conducted gradually. For example, the involvement of potential successors has been limited to experiences such as participating in activities like bus surveys alongside the first generation. Additionally, from an early age, potential successors have often accompanied the first generation during work at the office. However, a detailed transfer of knowledge or experience about the company has not yet been conducted.

The family relationships taught at PT. Mahkota Putri Sejati is aligned with Islamic teachings, emphasizing harmony and family bonds. Every family member is taught to trust one another. Thus, when conflicts arise among family members related to the family business, every effort is made to ensure that these conflicts do not persist. Successor candidates are also equipped with good religious teachings or norms,

ensuring that relationships among family members remain strong. In the family business, successor candidates are taught the importance of commitment to whatever they undertake. For example, they are taught to commit to their education, their words, and other important matters they are involved in.

Based on previous research regarding the succession process that must be undertaken by the first generation to develop the next generation, as well as the overview of PT. Mahkota Putri Sejati already described, the researcher conducted a more in-depth study on the succession process than PT. Mahkota Putri Sejati must undertake, focusing on leadership transfer, management transfer, and family relationships. The chosen research title is "Leadership Transfer, Management, and Family Relationships Across Generations (Case Study at PT. Mahkota Putri Sejati Tour and Travel)."

## LITERATURE REVIEW AND STUDY FOCUS

### ***Game Theory in Succession Planning (Grand Theory)***

According to Blumentritt et al. (2013), Game Theory aims to examine family business succession issues both theoretically and empirically. The principle of using game theory is to model decisions and predict the outcomes of interactions among actors, each of whom is assumed to have a set of choices independent of the interaction, to develop insights into the choices these actors might make. The game involves clearly defined problems or situations, interactions among multiple actors, conditions that determine the nature of the interactions, rewards resulting from the actors' choices, and predictions about what the actors will decide. The outcome of the game is the culmination of various decision points. The possible choices an actor might make in a game situation are referred to as strategies.

Blumentritt et al. (2013) conducted research using game theory to study succession in family businesses. The findings indicate that when both children are vying for the position, the father will compare their abilities and desires and then make his decision. A founder prefers a successor who genuinely wants the job over someone who might be more capable of maximizing the company's potential but is less interested.

### **Family Business**

A Family Business is a company owned by several family members, not only in terms of ownership but also controlled and operated by family members (Winardi, 2012



in Chan (2019) ). According to Suwarno & Harianti (2022) , a family business is a company managed by the founder and family members across generations, with family members involved in the management or administration of the company as well as being investors in the company.

There are two types of family businesses: Family Owned Enterprises (FOE) and Family Business Enterprises (FBE). A Family Owned Enterprise (FOE) is a family business that is built and owned by the family, but its management is handled by non-family professional managers. In contrast, a Family Business Enterprise (FBE) is one where the company's management is directly handled by the founder or family members (Suwarno & Harianti, 2022). In Indonesia, many family businesses are typically in the form of FBE, where involvement is limited to family members. However, as family businesses grow, many have evolved into FOE structures, where professional management is employed to ensure continued development.

### **Succession**

Succession refers to the process of transferring leadership from one generation to the next, with the goal of ensuring that the business can grow and sustain itself over time. According to Dyer and Handler (as cited in Azhari, 2021), succession is a critical element in family businesses, established to ensure business continuity. It is essential because generational transfer impacts both the performance and growth of the company (Martini, 2018).

Nevertheless, several obstacles can arise during the succession process. Hoelscher (2014) as cited in Chan (2019) identifies several conflicts that can lead to divisions within family businesses, including disagreements on business decisions, generational disputes, sibling rivalry, and personal conflicts.

### **RESEARCH METHOD**

The research approach used was qualitative research with a single holistic design, as it focused on a single unit of analysis. This study was conducted at PT. Mahkota Putri Sejati is a service company in the tour and travel sector located in Mojokerto, East Java. Data collection methods included direct observation, in-depth interviews, and documentation. The study employed Nvivo 12 plus software for data processing. The validity of the data in this research was ensured through credibility testing using source triangulation and method triangulation. Source triangulation involved conducting

interviews with more than one person, including the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. These three informants were chosen because they were aware of the company's planning and were part of the first generation within the company. Additionally, the researcher also interviewed several potential successors or members of the second generation. Method triangulation involved cross-verifying data using various methods. In this study, methods such as direct observation, in-depth interviews, and documentation were used.

## RESULT

The implementation of succession planning at PT. Mahkota Putri Sejati involves the use of a Game Theory strategy. In this family company, the key players who play significant roles are the first generation. The purpose of this study is to understand the succession planning that involves other roles, specifically the second generation or prospective successors. In succession planning within the company, there will be important rules to follow when the "game" begins, including key points related to leadership transfer, management transfer, and family relationships. These rules will guide the first generation or other roles in the game to make informed decisions. Below are the key points in the themes that have been classified:

### **First Generation Leadership Transfer**

As the first generation in a family company, of course, it is necessary to pay attention to structured succession planning and ensure that the transition that will occur can run smoothly. This is done to avoid failure in the next generation. The absence of good leadership transfer preparation will have an impact on the company's culture and sustainability, so there is a chance of failure in the succession process (Wulansari & Cahyani, 2024).

Leadership for the first generation means a person's ability to provide inspiration and motivation, as well as being able to control their thoughts and behaviors to achieve group goals. This is confirmed through the results of interviews with the first generation who stated;

"Leadership in my opinion is a leader's way of providing inspiration and motivation for his followers, putting aside personal interests for the success of the organization he leads" (C-RP-2)

"Leadership is a person's ability to lead an organization or a group" (D-BW-3)



"Leadership in my opinion is the ability of a leader to control, and influence the thoughts and behaviors of others to achieve the goals that have been determined in an organization" (E-AS-2)

At PT. Mahkota Putri Sejati, leadership is implemented through a policy where all decisions made during meetings must be agreed upon by all parties and must not be made unilaterally. This was mentioned three times during the interviews. One example of this is the election of one of the family members as the leader of the company or the president director, through deliberation and consensus. Additionally, it is crucial for the company to ensure coordination between departments so that the company's operations can continue to run smoothly. This was emphasized by the first generation of the company, who stated;

"In organizing the family company in our leadership, we implement it by making decisions in a meeting, it must be agreed by all parties, which means that it cannot run alone" (C-RP-5)

"Leadership in the company has been implemented by appointing or agreeing on one of the family members to be the company's leader or president director" (D-BW-6)

"Of course, since the company was established, the leadership at that time must also be implemented. The way to implement it is very simple, is to operate the company, for example, we do whatever it takes, we coordinate all the finance, transportation, and marketing parts" (E-AS-5)

Leadership style is also important in a company to be able to lead the company well. At PT. Mahkota Putri Sejati applies a deliberative leadership style for consensus that still considers solutions with the best results.

"His leadership style, even though consensus deliberation remains on the existing rules, yes, that is, if on a problem formulates and finds a solution, it is still seen, then the considerations that lead to it are good, which of course must be encouraged to be supported, not then it looks clear, no, no, no, no, no, bad, then forcing it to be implemented, it is also not done like that, even though we depart, it is indeed not someone else, but a brother" (C-RP-7)

"The leadership style in a family company is to adhere to the principle of consensus deliberation in deciding a matter related to a family company" (D-BW-9)

"The leadership of a family company from the beginning is indeed taken in a family style but still with family boundaries such as mutual respect, mutual respect, mutual acceptance of income from each other with the family. But there is a line of responsibility for each of them, which means that even though this family company is run with a family, there are responsibilities for each that have continued to be instilled since this company was established." (E-AS-7)

As a company leader, a good attitude is also needed. Where leaders must be able to be used as role models and be wise in doing every job for the benefit of the company. A leader must also not be arrogant and act authoritarian, willing to accept the input of others who have a positive influence on the company, disciplined, wise, willing to blend in with all teams, and can motivate the team, and give appreciation to outstanding employees. Meanwhile, the important norms taught are religious norms and norms of daily life such as being kind to others, being honest, being polite, and respecting each other. This was said by the first generation of PT. The Crown of the True Princess is as follows;

"Yes, it should be able to be an example of being wise in deciding every formulation of problems for the development of the family company organization" (C-RP-8)

"Do not be arrogant, must not be authoritarian, can receive input from others who can have a positive influence on the company, be disciplined, be wise in leading, can blend in with all teams, always convey positive things (motivating), always give appreciation to the team" (D-BW-9)

"A leader in any organization, of course, must be honest, then must have the enthusiasm and have this, what is the name of innovation, to maintain stability and sustainability, the organization must have that honesty, innovation, and responsibility." (E-AS-8)

Judging by the way leadership has been implemented by the first generation, it is essential to transfer these norms to prospective successors or the next generation. The first generation provides provisions in the form of values that have been taught within the family since childhood. The application of these values in daily life aims to model good behavior for their children. It is crucial to ensure that the established standard values within the company are consistently maintained. In the succession process, formal education is deemed important by the first generation to support the foundational knowledge that fosters leadership in prospective successors of the company (Pranatasari,

2022) . Additionally, companies need to begin involving prospective successors in various company activities so they can gain an understanding of the existing company culture. This was confirmed through interviews with the first generation, who stated; "Because the family company is outlined by the family, everyone knows yes, so it flows, yes, yes, we in our daily lives also in the end, it also flows in the management of the family company" (C-RP-14)

"For the transfer of norms or values themselves, they have been taught or transferred from an early age, so that prospective successors must have been equipped with values that are also transferred through the teachings applied by parents, so where parents will show attitudes or teach good attitudes to their children. Then it can also be transferred by including prospective successors or the next generation in company meetings or activities so that later as a successor can understand the character, attitude, and behavior in it" (D-BW-15)

"It is very necessary because the name is a family company so that at the time of the change of hands from the first generation, the second generation does not change too much and those values must be maintained to ensure that even though the next generation has a lot of more modern knowledge, but the standard values, yes, because human values, human values, what are the standards, yes, they must be maintained." (E-AS-14)

So it can be concluded that in transferring the leadership of a family company, it is necessary to instill values and norms from an early age in daily life. This is important so that the next generation of prospective successors already understand the internal values applied by the company and are able to adapt to the environmental situation that has been built. Thus, the prospective successor needs to understand well the values and norms taught by the first generation to apply and always strive to act using the foundations that have been in place so far. Based on this, it is hoped that in the future, prospective successors will also be able to run and further develop the company without setting aside the values and norms that existed before.

### **First Generation Management Transfer**

The transfer of management from the first generation is also an important part of the strategy to pay attention to. This concerns the transfer of knowledge possessed by the first generation regarding development strategies and business management as well

as implementation strategies applied to improve company achievement (Christina et al., 2017) . In addition, management transfer from the experiences that have been experienced by the first generation has a function as a provision for prospective successors to face future challenges (Pranatasari, 2022) . Success in a family business will depend on the participation or management of the family members of the company owner. This concerns careful planning and preparation for the selection of a replacement (Wulansari & Cahyani, 2024).

This condition can be observed through the management structure of PT. Mahkota Putri Sejati, which has been divided into various divisions, each with its own coordinator to ensure accountability. The first generation focused on preparing prospective successors by sending them to school to study business and then providing opportunities to directly apply the theories they learned. This was mentioned in interviews three times. In addition to being equipped with sufficient knowledge, prospective successors also need to be directly involved in operational activities. Of course, this involvement should be tailored to the specific field in which the prospective successors are engaged and the skills they possess, to ensure that the management transfer is conducted effectively. The first generation also demonstrated how to take a stance when faced with problems, including making strategic decisions. This approach is intended to help the prospective successor gain a deeper understanding of how the company operates, allowing them to apply the theories they have learned in practice and adjust them to fit the company's context. This was emphasized in the interviews conducted with the first generation, where they stated;

"Yes, indeed we unintentionally or we deliberately prepare the next generation to study knowledge in the field of business so that later it is hoped that this existing knowledge can collaborate with the next generation with the theory that has been used" (C-RP-17)

"Transferring knowledge in the operational division I usually teach knowledge about the operation through direct activities ... By including the next generation in every operational activity of the company, the prospective successor will know things about the company" (D-BW-18)

"The way to transfer knowledge is to run the company itself at the beginning and then learn from what it is called every time the problem arises then take strategic steps for

the sustainability of the company which must also be imitated by the next generation." (E-AS-19)

So it can be concluded that what can be done by the first generation in carrying out management transfer by preparing prospective successors to gain knowledge both theoretically in school and also in practice by involving prospective successors in ongoing activities.

### **Family Relations by First Generation**

Family relationships are considered important to support the success of succession in the sustainability of family companies (Pribadi & Agustawan, 2021). So family relationships that are well maintained are expected to minimize misunderstandings that can threaten the company's sustainability (Isron, 2021). For the first generation, a culture formed within a company is more concerned with family relationships than professional skills. This will be a process towards forming an organizational culture, where companies will be equally said to be successful when they can maintain a balance between business success and family (Athia et al., 2021).

Family relationships both inside and outside the company of PT. Mahkota Putri Sejati are well intertwined. Each family member respects, honors, and is open to one another in every situation. This aligns with the findings of Kandade et al. (2021), which suggest that mutual respect can be fostered through support, communication, feedback, and mutual learning. This was confirmed during interviews with the first generation, conducted six times. Several excerpts from the interviews with the first generation of PT. Mahkota Putri Sejati state that;

"The relationship is quite close and good enough because if it is not close enough and good enough, it will not be possible for the family company to stand." (C-RP-22)

"It is also quite good because the norms that we have agreed to instill together flow into practice in the family" (C-RP-23)

"So the family relationship within the company is certainly the same as that outside the company, namely mutual respect, mutual respect, and mutual openness so that later in decision-making we can accept each other's opinions and decide important things by consensus deliberation. In addition, family relationships with employees are also instilled with a sense of family, discipline, honesty, and mutual motivation." (D-BW-24)

A good family relationship will be formed when the trust in the competencies built between the first and second generations can be maintained. Harmony, cohesiveness, and family integrity are indispensable to achieving successful succession. According to Ison (2021), a family company is obliged to ensure the communication process that occurs to avoid mistrust that can cause a generation gap.

The trust of the first generation to their potential successors is carried out by involving the prospective successors who have been selected to contribute ideas that can be applied in the development of the family business so that succession planning will run well and can also provide good benefits to the future of the company. This will result in a good psychological response in each individual successor in order to survive the transition process. As the first generation, of course, they have the responsibility to start and lead, as well as provide opportunities for the parties concerned to discuss their thoughts openly (Wulansari & Cahyani, 2024).

"The first generation is obliged to provide space for prospective successors to be able to participate in developing this family business. So even though they have not been formally involved, usually the younger generation provides innovations or ideas for this business, so the first generation must consider if the idea is indeed good for the development of the company" (C-RP-25)

"Giving encouragement to prospective successors, of course, by showing that we are always enthusiastic in carrying out any task for the existence of a family company, if we don't maintain our skills as great as possible, but if we are not always in a position of frequency of enthusiasm, we will not get that success" (C-RP-26)

"The first generation must be sure that the second generation, by being given the opportunity to start, given the opportunity, will have the same responsibility as the first generation, because if they are not immediately given the opportunity to learn, it is also lacking for the second generation to continue the success of the family company." (E-AS-25)

In conclusion, the first generation can maintain strong family relationships within the company by instilling norms from an early age, particularly emphasizing mutual respect and openness. This helps preserve harmony and cohesion within the family. Additionally, it is crucial for the first generation to place confidence in the

abilities of the prospective successors, fostering their self-assurance so they can actively contribute to the company's development.

### **Prospective Successor Leadership Transfer**

The development of a family business is certainly influenced by the leadership transfer process carried out by the first-generation leader to each of the successor candidates. In the process of moving, there is the potential for conflicts considering that the new generation tends to see things in a different light. This is also very likely because in general the current generation has a higher level of education than the previous generation (Zharifah, 2023).

Leadership for the successor generation means a person's ability to lead and be responsible for the company where the leader is a mandate given. As a leader, it is also necessary to organize and develop the company for the success of the company.

"In my opinion, leadership is a person's ability to lead an organization or company. where leadership certainly has its own character in each individual or in each company."  
(F-SA-3)

"In my opinion, leadership is always symmetrical with the responsibility of being a leader, because he leads a company or leads an organization, which means that the greatest responsibility with this responsibility is of course also participating in the name of authority or the right to be a leader. Because he has a big responsibility, he also has facilities that surpass those under him like that, and if I am easy, the leader is a trust."  
(G-DP-3)

As a leader, it is very important to have strong personality values, and character for the sustainability of a company. For the next generation, the leader of the family company PT. Mahkota Putri Sejati needs to have personality values that are religiously correct, responsible, honest, empathetic, authoritative, and also have the attitude to make good decisions.

Similar to personality values, the norms taught in the family are also important to be practiced by the prospective successor in leading the family company. Where this norm is also used as the foundation of a family company. The norms taught are religious-oriented, including a sense of family, mutual trust between brothers, and mutual help. The importance of applying the norms that have been taught can be seen in the results of the Nvivo of prospective successors where the results of the interviews



show that the norms are mentioned as many as 3 times. This includes norms to the family, norms to the company, and norms taught to the family.

It is important for prospective successors at PT. Mahkota Putri Sejati to understand and apply the values and norms that have been taught in the family. Of course, this is used so that the prospective successor understands the company environment so that they can run and continue the family company well which can later make the family company continue to grow.

"The goal as a prospective successor is to know the value of this family and company because we as prospective successors will know how to work in the company or the environment in the company and know the character of each family like that." (F-SA-9)

"Yes, of course, so that I can run this business properly and correctly and not harm anyone. Because on the other hand, when we apply values to the family, where number one is about religion, we are very careful in running the business and certainly do not want to harm any party." (G-DP-9)

So it can be concluded that the importance of leadership transfer for prospective successors to know and apply the values of the norms that have been taught in their families. This also serves as a foundation in the prospective successor to take company policies or leadership directions that will be implemented later.

### **Transfer Management of Prospective Successors**

A potential successor must certainly have an interest in the company and start his career from scratch. This serves so that these prospective successors understand very well the entire management system implemented by the company (Pribadi & Agustawan, 2021). A good management system in a family company is very necessary so that the prospective successor also understands the work system in the company more easily. Of course, the previous generation needed to do their work with a good management system as a form of motivation and to provide business experience and knowledge to prospective successors (Bell & Pham, 2021). In practice, the head of each division at PT. Mahkota Putri Sejati is held by family members, and these positions are currently occupied by the first generation. However, each individual also has another job, which means they are not always present in the office, resulting in the office work not being monitored optimally. This is confirmed through the results of the interview as follows:

"In my opinion, the management system in the company is quite good. But in my opinion, the shortcoming is that each head of each division is our respective parents, yes, usually they also have other jobs outside of travel, so in my opinion, those in the office are not monitored as a whole or are not monitored every day, so in my opinion, that is lacking. That's why I want to invite other brothers and sisters to start participating in each office. But even though my parents are constrained by other jobs, this travel is still going well, communication is also very good." (F-SA-10)

"For details, the management in the company does not really understand. But in the rhythm of working in the office, what I know is that the leaders, or for example, the finance or marketing department are not completely in the office, so they are not in the office 24 hours a day. During working hours, there are only administrative staff who record all bookings for the tourism bus which will report all financial matters every month. Maybe once a week the Finance department comes to check the reports attached by the company's administrative staff. That's all I know." (G-DP-10)

The acceptance of knowledge for prospective successors has been given by the first generation starting from childhood to the lecture education stage which of course is adjusted to each interest. So that the theoretical knowledge obtained during the education level can be applied to the company for the sustainability and development of the family company. This has a function to improve the cognitive and reflective abilities of potential successors (Bell & Pham, 2021). In addition, in running a family company, skills are also needed, including communication, decision-making, and skills that are by the field of interest to be able to develop the company.

"If the exact skills are needed in running good management, yes, those that are by what is held or what field is held, for example, the Finance section, of course, must be able to have accounting or calculation skills. If the operational section is of course about the technical technicalities of all operations on the Bus. But what I explained in the previous question is of course whatever skills we have will be able to develop the company." (F-SA-12)

"In my opinion, the most important thing is that there are two skills in running good Company Management. First, communication skills, how we communicate with each other, for example between leaders and employees, then how we dilute the atmosphere in a company. Communication skills are also not only between leaders and employees

but because this is a large family company, communication skills between families must also be good. Then the second skill that is no less important is decision-making." (G-DP-12)

In transfer management, experience is essential to understanding family businesses. Providing this experience can begin at an early age by introducing the family company, inviting the successors to the office, having them intern at the office, and even sharing insights from previous generations about the challenges that arise in the company. These experiences help the successor to gain a deeper understanding and equip them with the ability to solve problems when obstacles occur.

"In my own experience, I was guided by my mother about finance to study and I also had an internship in travel during the Covid era, so I was as diligent as possible to travel at that time because there was also an interest in the thesis. Then my other experience, I was also exempt from learning from outside, for example, I used to know, that there was one of the POs from a friend who was introduced, finally liked joining their association, but I also learned a lot about this tour and travel, one of which is about buses more deeply." (F-SA-14)

"The experience provided has actually also started from a young age, for example, for example, parents are invited to the office to see what the office atmosphere is like, what kind of work or administration in the office is like. In the past, I also had an experience, for example, joining my parents to pick up a new bus at the factory, which is a valuable experience in my opinion. Other experiences that I feel are indirect experiences, for example, parents tell stories about problems that occur in the office, then tell stories about good things that are also in the office." (G-DP-14)

So it can be concluded that prospective successors need to combine the knowledge that has been obtained from the first generation and the formal education taken. In addition, this management transfer is important to add experience to the potential successors. So it is hoped that this combination can be the basis for prospective successors to understand the company's condition and find a solution when the company finds obstacles.

### **Family Relations According to Prospective Successors**

Research conducted by Bell & Pham (2021) revealed the importance of the quality of relationships in the family, especially between the successor and the founder.

Good family relationships inside and outside the company are the key for the company to develop. The next generation or prospective successor is important to maintain a sense of harmony and harmony in the family so that it will also exist when running a family company. If you look at the results of the interview where the resource person emphasized this as much as 2 times. If family relationships run harmoniously and harmoniously, then of course it will avoid conflicts between families that can cause the family company to collapse.

"The family relationships within the company are essentially the same as those within the family itself, because the values of our family company are fundamentally based on family principles. Therefore, the family relationships within the company are also very strong. When there is a decision to be made for the company, it is discussed together, with everyone respecting each other's opinions. The key is mutual support to ensure that the family business continues to grow." (F-SA-19)

"I agree with the concept of a family business because we know the people, we know their history, we know everything about them. But turning a family into a company is like a double-edged sword. If we can be honest, trustworthy, straightforward, and open with each other, and have the same goals for the company, then it will be top-notch. However, it becomes a problem when people start hiding things, have their own personal interests, or are not united in decision-making; that can ruin the business, and worse, it can destroy family relationships. But so far, the family relationships at Mahkota Putri Sejati have been going well, with everyone respecting each other, making decisions through deliberation and consensus, with nothing hidden, and focusing on the development of the company. Although, of course, it cannot be denied that there are challenges in running a family business." (G-DP-18)

A prospective successor must possess the skills to manage and develop the company; however, they often hesitate to take risks and fear failure (Kusuma, 2023). Therefore, it is crucial for these prospective successors to earn the respect and trust of the first generation. Trust from the first generation will naturally develop when the prospective successor demonstrates honesty and responsibility (Wulansari & Cahyani, 2024). The trust that is cultivated will strengthen the family business and help prevent conflicts that could potentially lead to the company's downfall.

"The trust that is instilled within the company is also very strong. In fact, the trust established within the company is the same as the trust nurtured within the family, where we, as siblings, must be open with each other. By being open, we build a sense of trust among our family members, which is grounded in mutual respect." (F-SA-21)

"Building trust isn't something we can simply tell our children or siblings to do, like saying, "You have to trust me"—it doesn't work that way. Trust within a family is created from our own actions that demonstrate we are trustworthy. For example, when we are given responsibility and we handle it well, and when we show dedication in our work, trust between family members will continue to grow." (G-DP-19)

As the successor generation, it is important to continue the family company so that the company can continue to run and grow (Kusuma, 2023). A family company needs to be maintained just like maintaining a family where good family relationships are needed. This is inseparable from the commitment of the prospective successors to maintain family relationships and the interest in continuing them (Gino et al., 2022). Likewise with the prospective successor from PT. Mahkota Putri Sejati is committed to maintaining the sustainability of the family company which is carried out by having a professional attitude, taking care of each other, and also being fair to every family member involved.

"Yes, I am committed because one of my motivations is from the big family business, yes, it's not easy, I remember when it was initially 17 August, there was still mbah buk, yes, finally bismillah tried the name MPS travel, it's the crown of a true princess, why where to eat Putri because it's our mothers, it's princesses, right, and it's true, right, so that it seems to last forever, the next one, right, amen. Originally, it used to be lazy because to be honest, the family business is hard, like you have to be both professional and take care of each other." (F-SA-25)

"If later in the future I finally join the family company, then my commitment to the company is not to be favoritistic. Because this company belongs to a big family, it is best to be fair to each other." (G-DP-24)

So it can be concluded that the importance of the role of family relationships for the successors to build commitment in them and become a confident foundation to develop the company further. This is also an example that can be maintained and applied so that the company can develop further.

### **Managerial Implications**

The family company PT Mahkota Putri Sejati has now implemented the concept of leadership, management, and good family relationships. This is reflected in the attitude of the first generation who are willing to guide and prepare their potential successors well. Therefore, the implications of this study for companies when viewed from the perspective of the first generation can be done by maximizing the frequency of formal participation of the next generation in company management. The first generation must start opening up opportunities and supervise the next generation to develop the family business.

Likewise, the prospective successors already have a commitment within themselves to further develop this company. Therefore, the appropriate implication of the results of this study from the perspective of the second generation is to take a more proactive initiative in developing the family business and to be responsible for any risks that may arise. This can be achieved by creating short- and long-term plans for business development based on field reviews. Additionally, the potential successors can also delve deeper into intergenerational leadership.

### **CONCLUSION**

Looking at the results obtained from the research, several conclusions can be drawn to answer the formulation of the problem in this study as follows: The leadership transfer prepared by the first generation for the successors of PT. Mahkota Putri Sejati was carried out through the teaching of values and norms that will serve as a foundation for the successors. These include fostering a sense of family, engaging in deliberation to reach consensus, practicing honesty, and adhering to religious teachings.

The learning and management transfer process prepared by the first generation for the successors of PT. Mahkota Putri Sejati was implemented by educating them in business and providing opportunities for practical application of the theories they learned, as well as involving them directly in the company's operational activities. The family relationships instilled by the first generation in the successors of PT. Mahkota Putri Sejati emphasize mutual respect, honor, and openness among all family members involved, ensuring that the successors develop self-confidence and a strong commitment to effectively manage and grow the company.



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TABLE, PICTURE AND GRAPHIC

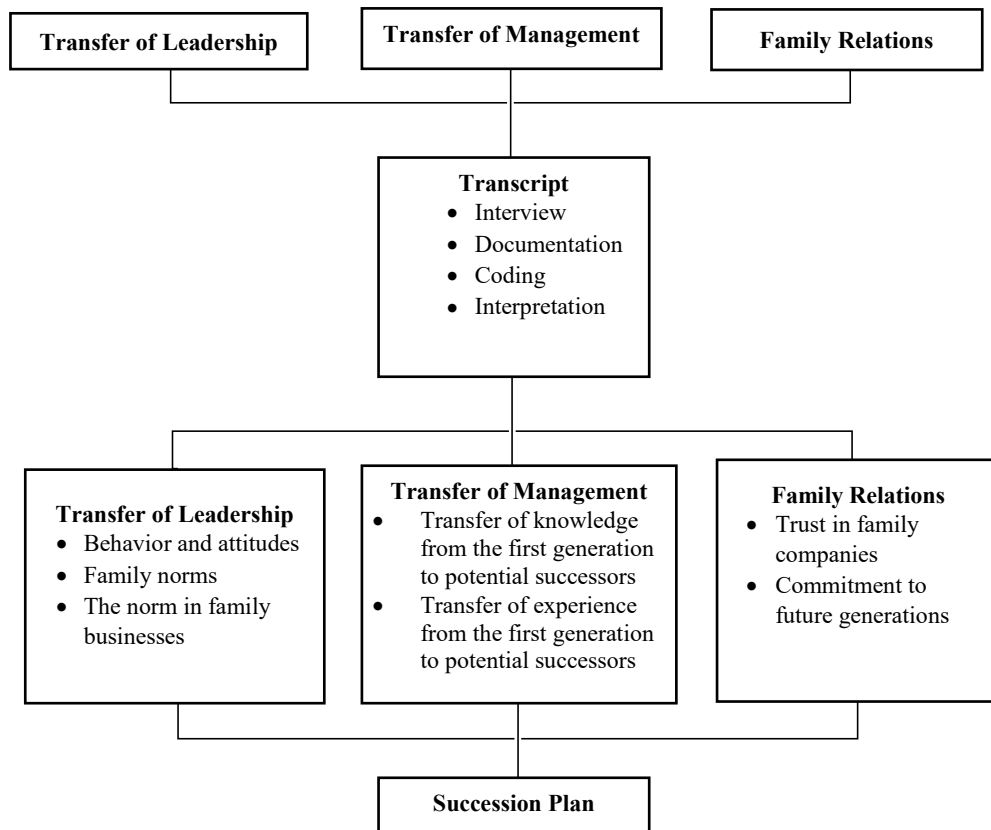


Figure 1. Conceptual Framework