

SUMMARY

APRIHATININGRUM HIDAYATI. MODEL OF *INTRA-FAMILY* SUCCESSION OF FAMILY FIRM: AN INTERPRETATIVE MULTI PERSPECTIVE. Supervised by AJI HERMAWAN, AGUS W. SOEHADI, and HARTOYO.

Intra-family succession is considered as the biggest challenge for family firm. The purpose of this study is to shed some light on an important phenomenon of how and why the intra-family succession process may change if *millennial* cohorts are regarded as successors. Specifically, this study aims to explore the superordinate themes that support the success of intra-family succession by considering the emergence of millennial cohort successor. Millennial cohort successors are considered reluctant to continue the family business since they are more interested in opening a start-up business outside the family firm. This study employed multi perspective approach by comparing predecessors and successors perspective.

A total of 16 individuals participated in the study which consist of 6 predecessors, 4 X cohort successors, and 6 *millennial* cohort successors. Using interpretative phenomenological analysis (IPA), 18 (eighteen) superordinate themes emerged from participants' personal statements and experiences. The themes are grouped into five aspects, namely characteristics of the predecessor and successor, succession process, family, firm, and succession result. These aspects form an empirical model of multi-perspective intra-family succession.

Characteristics of predecessor are formed by motivation to relinquish power (intrinsic and extrinsic); a close, warm and open relationship between predecessor-successor; visionary personality traits; parenting style (directive, moral, permissive); and collective leadership style. Successor characteristics are determined by motivation to join the firm (extrinsic and intrinsic); shared vision (material and non-material); a close, warm and open relationship between successor-predecessor; and personality traits (personal and interpersonal).

Succession process includes three phases: setting selection criteria based on commitment, competence, and timing; nurturing and developing successors through formal education, internal and external apprentice, mentoring, social modeling and experiential learning; and parallel-continuous transfers of leadership. Firm plays a role in forming professionalism climate and choosing business strategies (competitive advantage, market orientation, innovative). Family plays a role in the formation of family governance; family council; and family cohesion. The goals of succession are formed by financial dan non-financial goals namely sustainability of the business (financial); social benefit of the business (non-financial); and self-recognition (non-financial).

The findings of this study contribute to the development of knowledge and the business practice. The principal theoretical implication of this study is that this study deepens the theory of family firm, especially the concept of intra-family succession, by considering differences in cohort generations. Millennial cohort successors are more interested in going directly into business (experiential learning) and internships outside the family firm. They decided to join the family firm because of non-material motives (fulfilling passion). While successor cohort X is more interested in being guided by the predecessor (lead by example) and decides

to join the family firm because of a combination of material and non-material motives such as economic profits and business benefits for the community.

This study also enriched the knowledge of family firm theory by integrating four theoretical perspectives, namely family company theory, entrepreneurial theory, psychological theory, and generation cohort theory. Another interesting finding, this study succeeded in bringing up a new construct in the theory of family firm, namely parenting style which is considered to be a key success factor of intra-family succession. Parenting styles that accommodate differences in characteristics between successors are able to support succession success.

As for the business practice, with an understanding of differences in motivation, personality traits, and a shared vision caused by differences in generation cohorts will facilitate the predecessor in preparing for successors through the selection of appropriate successor nurturing and development methods. Experiential learning and external internships are the recommended methods for millennial cohort successors. Moreover, giving rewards that can increase aspirations and self-recognition such as high achieving employee labels are considered appropriate for millennial cohort successors.

In the era of digital disruption, predecessors are expected to be able to adapt the aspirations of millennial successors who are more focused on innovation which derives from the use of technology and information. In addition, collaboration with external consultants or coaches is suggested in guiding the intra-family succession. Regarding the parenting style, directive style with clear and communicative direction is considered appropriate for both X and millennial successor.

However, this study has several limitations so that it has the potential for further study. First, this study considers the perspectives of two succession actors, namely the predecessor and the successor. Future studies are expected to explore the perspectives of other actors, namely external consultants or coaches who have been proven to contribute to the success of succession. Second, this study discusses parenting style in general without considering differences in father's (patrilineal) and mother's (matrilineal) parenting styles. Future study is expected to explore the differences and similarities of both. Third, this study is a preliminary study that explores the factors supporting succession success at the individual and interpersonal level. Future studies are expected to explore the links between factors between levels of analysis and extend to the exploration at the macro level such as the role of the economic, politics, socio, culture, and ethics in supporting the success of intra-family succession in family firm.

Key words: family firm, interpretative phenomenological analysis, intra-family succession, millennial cohort, multi perspective.