

Identify the Success Factors of Sustainability Business: Family Business in Indonesia

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— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

This research was conducted with the aim of identifying important factors for the sustainability of family businesses in Indonesia. This research was conducted at three family companies in Indonesia which are engaged in processing business permits, souvenir shops and selling containers. The method used is qualitative based on semi-structured interviews. The research findings, namely the division of tasks, involvement of family members according to their interests, early involvement in the family business, and the existence of business partners according to the needs of the family business are the keys to the success of the family business sustainability. The unique finding in this study is that the involvement of future generations according to their interests actually determines the sustainability of the family business. This is a lesson for other family businesses to succeed in their business sustainability by applying the keys to success.

Keywords: Business Sustainability, Family Business, Keys to Success, Indonesia.

1. INTRODUCTION

Succession management with professional behavior will improve company performance (Dewi, et al., 2019). The existence of market domination with innovation, maintaining competitive advantage, leadership and team management, fostering good cooperation with the surrounding community, and developing and implementing a viable successor plan, are key success factors for business sustainability (Chirapanda, 2019). The successor who is motivated to continue the family company depends on the personal characteristics of the successor and the organizational characteristics of the family business (Porfírio, et al., 2019). Other research in the United Arab Emirates shows succession planning, strategy on all fronts, corporate governance, leadership, family business values, use of capital and transfer of information are factors that determine the sustainability of a family business (Oudah, et al., 2018) .

There are other researchers' opinions that family business owners have two options, namely hiring a professional or employing a family as an effort to maintain succession in the family. If the choice of hiring a professional can be developed to sell some of the company's shares to outside shareholders (Burkart, et al., 2003).

The focus of this study is to learn for other family businesses, so that their business sustainability can be successful, by applying the keys to success.

There is a direction for further research from (Chirapanda, 2019) to identify the key success factors for the sustainability of family companies in locations and countries other than Japan, resulting in other recommendations for family companies.

This study aims to determine the succession factors that determine the business sustainability of family companies in Indonesia.

2. LITERATURE REVIEW

According to Supatn (2020) the expectations of the next generation of careers have an indirect effect on the interest of the next generation to work in their family business. The organizational structure plays a role for future generations to play a role in the family business.

Succession in a family company is essential for business continuity. This has been widely studied in terms of management, psychology, sociology and law (Handler 1994; Baù et al. 2013).

In the family business, the part involved in the succession process is the Founder, namely the founder of the family business who holds a senior management position and will transfer his position to the successor. Successors are those who take over the senior management position from the founder (Bozer, et al., 2017). The next generation factors in a professional manner include early involvement, external experience, relationships, honesty and consistency. The existence of family factors in succession, among others, sibling competition, early experience, gender roles and partner support (Bozer, et al., 2017).

3. METHOD

The research conducted is a case study, which aims to describe the problem. Yin (2004: 18), in Yin (2017) case study is the right way to answer "How" or "Why" a problem exists. Research informants are the next generation of three family businesses in Indonesia.

The type of data is qualitative. Kuncoro (2010: 145), qualitative data obtained from primary and secondary sources. Iofland (1984: 47) in Moleong (2014: 157), primary data is an action from real life.

Miles and Huberman in Sugiyono (2014: 404), how to analyze the data, namely:

1. Data reduction consists of summarizing, selecting key points, focusing on main points, and looking for patterns;
2. Presentation of data in the form of brief descriptions, charts, and relationships between categories;

3. Conclusions based on results.

4. FINDINGS AND DISCUSSION

The analysis carried out was to see the results of the evaluation of the interview with the informants, the next step was to compare the results of the interview with the informants. Then the interview results are compared with the results of observations and literature studies.

The guiding question in this research is How are you involved in the family business ?; What is the owner's responsibility for the existing business ?; What are the duties and responsibilities of the next generation in the existing business ?; Since when have the future generations been involved in the existing business? Give an explanation related to business partners with existing businesses! The results of the research questions are as follows Table 1.

Table 1. Results of the analysis from the results of interviews with three company family businesses.

No	Sector	Hana	Nada	Jason
1	Sibling	Second child of 4, all male brothers	The second child of 3, older sister, younger brother	second child of 2, all boys
2	Business fields	At first import, now processing business permits	Hajj souvenir shop, furniture shop	Sell containers
3	Brother involvement	Koko was involved in accounting, but was not fully involved, other siblings began to be involved as well	You are also involved in the family business, you haven't	Koko was not involved, focused more on education as a lecturer

4	Duty	Hana is involved and directly involved in the business, Hana delegates tasks to younger siblings	Brother is in the marketing department, Nada is in the finance department, he plans to be involved in the operations	Jason is currently in the marketing department, in the future he wants to try to control everything
5	Involved since ...	Hana was involved in high school	Since childhood, active since college, older brother since childhood but started getting serious after graduating from high school	Since college, but started to focus after graduating
6	Partner	There are business partners	Cooperation with tour & travel	There are experts, because papa does not come from civil engineering
7	Parental involvement	Mama is also involved, Mama is an accounting graduate		Mama is not involved
8	Number of attempts	There are 2 businesses, one is led by papa, 1 is led by a mother, Hana is involved in her business for mama		
9	Successor	All children will later continue the two existing businesses		

10	The reasons continued	Hana was not interested in continuing at first, but after being invited, became interested		Own desire
11	The advantages of competitors		Selling goods that are not in the competition, selling goods at low prices, of the same quality, selling goods that are only in the shop itself	Focus on the value of container building
12	Future plan		Want to add more stores	Still continuing everything that was going well
13	Parent's way	Hana was invited to get involved		Papa had an interest in moving on

Source: Interview transcript data with resource persons were processed.

The four propositions of this research are as follows:

P1: The division of tasks can make the family business sustainable. This supports the findings of Dewi, et al. (2019).

P2: The involvement of family members according to their interests can make the family business sustainable.

P3: Having early involvement in the family business can make the family business sustainable. This is in accordance with the findings of Bozer, et al. (2017).

P4: Having a business partner according to the needs of the family business can make the family business sustainable. This is in accordance with the findings of Chirapanda (2019).

5. CONCLUSION

The most important findings of the research are as follows. First, the division of tasks can make the family business sustainable. Second, the involvement of family members according to their interests can make the family business sustainable. Third, early involvement in the family business can make the family business sustainable. Lastly, having a business partner according to the needs of the family business can make the family business sustainable.

ACKNOWLEDGEMENT

Funding: Directorate of Research and Community Service Directorate General of Strengthening Research and Development at the Ministry of Research, Technology and Higher Education in accordance with Research Contracts Number: RISBANG-LLDIKTI VII No.187/SP2H/LT/DRPM/2020, LLDIKTI VII-UC No.039/SP2H/LT-MULTI/LL7/2020

This research was supported by Universitas Ciputra Surabaya, Indonesia and the Minister of Research and Technology, Indonesia. The researchers want to thank the Family Business Community of Universitas Ciputra Surabaya, Indonesia. The researchers acknowledge responsibility for errors in this paper and may not cause damage to the reputation of the respected individual.

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