

CONSTRUCTION OF SECOND GENERATION LEADERSHIP READINESS IN RETAIL SECTOR FAMILY BUSINESS IN MAKASSAR CITY: SOCIOEMOTIONAL WEALTH PERSPECTIVE

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Abstract: Family business succession involves not only the transfer of managerial responsibilities but also the negotiation of socioemotional relationships between founders and successors. This study explores how second-generation members of retail family businesses in Makassar City construct their leadership readiness through lived experiences and how socioemotional values shape this process. A qualitative approach with descriptive phenomenology was employed, involving three second-generation informants purposively selected from family-owned retail businesses operating in office stationery, building materials, and commercial equipment. Data were collected through in-depth semi-structured interviews, non-participant observation, and documentation, and analyzed using descriptive phenomenological procedures. The findings reveal that leadership readiness is not primarily developed through formal succession planning but emerges gradually through four interconnected experiences: early involvement driven by family or business needs, learning through direct experience, intergenerational relationship dynamics, and the understanding of readiness as a continuous process. These experiences are synthesized into the TRUST framework, comprising **Tenacity in the Process, Respect, Upholding Responsibility, Self-Proving, and Trust Building**. From a Socioemotional Wealth perspective, the findings demonstrate that leadership readiness is closely connected to family identity, responsibility, relational bonds, and trust, rather than being determined solely by managerial competence or economic considerations. This study contributes to family business succession literature by conceptualizing second-generation leadership readiness as a lived, relational, and continuously constructed process. Practically, the findings highlight the importance of gradual involvement, experiential learning, trust building, and intergenerational communication in preparing successors within family-owned retail SMEs.

Keywords: *family business; second generation; leadership readiness; socioemotional wealth; descriptive phenomenology.*

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1. Introduction

Family businesses are generally established with a long-term vision of maintaining the business across generations. However, intergenerational succession remains one of the

critical challenges to family business continuity. Succession involves more than the transfer of managerial authority; it also requires the transfer of knowledge, responsibility, family identity, and relational trust between the founding and succeeding generations. The complexity of family firms themselves, including differences in ownership, governance, family involvement, and strategic orientation, means that succession processes can vary considerably across family businesses (Daspit et al., 2021).

The complexity of succession becomes particularly evident when the expectations of founders and successors differ. Founding generations may seek to preserve established practices, family identity, and values that have sustained the business, whereas successors may seek greater autonomy, innovation, and adaptation to changing market conditions. Such intergenerational differences can influence how succession is planned and experienced within family SMEs (Putera et al., 2025). Consequently, successor readiness should not be understood solely as a set of managerial competencies, but also as a process through which successors develop confidence, responsibility, legitimacy, and trust through their interactions and experiences within the family business.

This issue is particularly relevant to family-owned micro, small, and medium-sized enterprises (MSMEs) in Makassar City. As one of the major economic centers in Eastern Indonesia, Makassar has a substantial MSME sector. The relatively informal organizational structures of family MSMEs and the direct involvement of family members in daily operations create a distinctive environment for successor development. In such settings, successors may acquire leadership responsibilities gradually through direct participation rather than through formal succession programs. Their readiness is therefore shaped by everyday experiences, interactions with founding-generation parents, and the expectations attached to their position as family members and potential successors.

The socioemotional dimension of family businesses can be understood through the concept of Socioemotional Wealth (SEW), introduced by Gomez-Mejía et al. (2007) to explain the non-financial value that family owners seek to preserve through their involvement in the business. SEW reflects the affective value associated with family control, identity, emotional attachment, and the preservation of the family-business relationship (Gomez-Mejía et al., 2007). Subsequent research has further established SEW as an important perspective for understanding family business decision-making and the balance between socioemotional and financial objectives (Gomez-Mejía et al., 2024).

In the context of succession, these socioemotional values may influence how successors understand responsibility, leadership, and the future of the family business. Bang et al. (2024) demonstrate that socioemotional wealth and generational differences are relevant to succession planning in family SMEs, highlighting the complexity of managing transitions across generations. Similarly, recent research indicates that socioemotional wealth can shape behavior and decision-making during periods of family business succession (McLarty et al., 2025).

Despite growing research on family business succession, several gaps remain. First, successor or leadership readiness has frequently been examined as a measurable characteristic or outcome rather than as a process that develops through lived experience. Second, much of the existing literature focuses on quantitative relationships involving succession intention, successor effectiveness, business performance, or other measurable outcomes, providing less insight into how successors themselves experience the process of becoming ready to lead. Third, although SEW has become an established perspective in family business research, it has frequently been examined through predefined dimensions and

constructs. Less attention has been given to using SEW as an interpretive lens for understanding how successors give meaning to their everyday experiences, relationships, and responsibilities.

This study addresses these gaps by positioning second-generation leadership readiness as a lived and continuously constructed experience. Rather than treating readiness as a fixed condition, the study examines how successors develop their sense of preparedness through direct involvement in the business, experiential learning, interactions with the founding generation, and the gradual development of trust and responsibility. SEW is employed as an interpretive perspective to understand the socioemotional meanings underlying these experiences rather than as a construct that is independently measured.

Accordingly, this study aims to explore how second-generation members construct leadership readiness within family-owned retail MSMEs in Makassar City and to understand how socioemotional values shape this construction process. Specifically, the study seeks to: (1) explore how second-generation members construct leadership readiness through their experiences in the family business; (2) interpret how SEW-related values are experienced and understood during this process; and (3) examine how direct involvement and intergenerational relationships contribute to the development of successor readiness.

2. Literature Review

Family Business and Intergenerational Succession

Family businesses are not defined solely by family ownership but also by the extent to which family involvement shapes organizational behavior, strategic direction, and business continuity across generations. Chua et al. (1999) emphasize that family business is characterized by the family's intention and behavior in directing and sustaining the business, while the interaction between family, ownership, and management creates a distinctive organizational system (Tagiuri & Davis, 1996)

Within this context, succession represents a critical process for family business continuity. Succession involves more than the administrative transfer of leadership; it also encompasses changes in authority, knowledge, roles, identity, and interpersonal relationships between generations (Bhukuth et al., 2025). In family-owned MSMEs, succession is often embedded in everyday business activities, where successors gradually acquire knowledge and responsibility through direct involvement with the founding generation. Consequently, succession should be understood as an ongoing intergenerational process involving both managerial and relational dimensions.

Second Generation and Leadership Readiness

The second generation occupies a distinctive position because its members simultaneously function as family members, business participants, and potential successors. Their transition toward leadership therefore requires more than technical competence. It also involves the development of responsibility, confidence, legitimacy, and recognition from the founding generation.

Successor readiness is commonly associated with the knowledge, competencies, experience, and motivation required to assume greater responsibility within the family business. However, conceptualizing readiness primarily as a set of predetermined competencies may overlook how successors actually experience the process of becoming ready. From a phenomenological perspective, readiness can be understood as a lived

experience that develops through interaction between the successor and the family business environment.

Direct involvement provides successors with opportunities to learn through practice, encounter operational problems, make decisions, receive feedback, and learn from mistakes. In this process, successors gradually develop not only business knowledge but also confidence and a sense of responsibility. Readiness is therefore viewed in this study as a continuous process rather than a fixed condition that a successor either possesses or lacks.

Socioemotional Wealth

Socioemotional Wealth (SEW) refers to the non-financial value that family members derive from their ownership and involvement in the family business. Gomez-Mejía et al. (2007) introduced SEW to explain why family firms may prioritize the preservation of family-related values even when such decisions involve economic trade-offs. Family identity, emotional attachment, family influence, and the continuity of the family business represent important sources of socioemotional value.

SEW is particularly relevant to intergenerational succession because the transition of leadership involves both the continuation and potential transformation of family-related values. Founders may seek to preserve established practices, family identity, and control, whereas successors may seek to introduce new ideas and adapt the business to changing conditions. Hernández-Perlines et al. (2023) demonstrate that SEW and generational differences are relevant to succession planning in family SMEs, indicating that intergenerational transitions are influenced by both strategic and socioemotional considerations. Similarly, Domenichelli & Bettin (2021) highlights the relevance of SEW in understanding family business behavior during succession.

Research Positioning

Based on the literature, this study positions second-generation leadership readiness as a **lived, relational, and continuously constructed experience** rather than a fixed managerial attribute. Readiness is understood as developing through direct involvement, experiential learning, intergenerational relationships, increasing responsibility, and trust-building. Socioemotional Wealth is employed as an interpretive lens to understand how family identity, emotional attachment, responsibility, continuity, and relational trust shape the meaning of these experiences. Accordingly, this study addresses the limited phenomenological understanding of how second-generation members construct leadership readiness within family-owned retail MSMEs in Makassar City.

3. Research Method

This study employed a qualitative descriptive phenomenological approach to explore the lived experiences of second-generation members in constructing leadership readiness within family-owned retail businesses in Makassar City. The study was conducted from April to May 2026. Informants were selected through purposive sampling based on their status as second-generation members, active involvement in business operations, and expected role as future successors. Three informants participated: I-01 (26), involved in office stationery retail; I-02 (27), involved in building materials retail; and I-03 (26), involved in commercial equipment retail.

Data were collected through semi-structured in-depth interviews, non-participant observation, and documentation. Data analysis followed the phenomenological procedures of Creswell (2018), including data organization, holistic reading, identification of significant statements, development of meaning units and themes, description of experiences, and synthesis of the phenomenon. *Bracketing* was applied to minimize the influence of the researcher's pre-existing assumptions. SEW was used as an interpretive lens, not as a predetermined coding framework.

Data trustworthiness was established through credibility, dependability, confirmability, and transferability, supported by data triangulation, systematic documentation, verbatim interview evidence, and detailed contextual descriptions (Moon et al., 2016).

4. Results and Discussion

Early Involvement

All three informants became involved in the family business primarily in response to situational family or business needs rather than through a planned career decision. I-01 became involved during the COVID-19 pandemic due to a shortage of employees, I-02 entered the business following parental expectations and his position as the eldest child, while I-03 became involved after a business partner of the parent withdrew.

“Terpaksa, saya kan anak pertama juga, mau nda mau siapa lagi?” (I-02)

“Walaupun sejujurnya cita-citaku bukan jaga toko.” (I-01)

These experiences indicate that early involvement was strongly associated with family responsibility and business continuity. Participation was therefore influenced not only by economic considerations but also by the desire to support and maintain the family business. This experience represents the initial formation of Upholding Responsibility.

Learning Through Experience

The three informants developed their capabilities primarily through direct participation and *learning by doing*. I-02 independently learned product knowledge through online searches, while I-03 learned operational processes through direct practice. For I-01, independently managing the business while the parent was away became an important experience that strengthened her confidence.

These findings indicate that leadership readiness develops through accumulated experience rather than formal preparation alone. Direct involvement enables successors to acquire practical knowledge, make decisions, solve problems, and gradually assume greater responsibility. Experiential learning also creates opportunities for successors to demonstrate their capabilities and gain greater trust from the founding generation. This process reflects Tenacity in the Process and Self-Proving.

Intergenerational Relationship Dynamics

The development of leadership readiness was also shaped by interactions between successors and the founding generation. Differences emerged particularly regarding technology adoption and changes in work practices. I-02, for example, experienced initial resistance when introducing a digital application for data management:

“Kusuruh pakai aplikasi buat data-datanya. Kujelaskan, responnya ribet lah apalah.” (I-02)

Rather than responding through confrontation, the informant preferred to demonstrate the effectiveness of the proposed change through action:

“Mending action daripada panjangi. Mending buktikan saja dulu.” (I-02)

This finding suggests that successor legitimacy is gradually constructed through demonstrated competence rather than automatically granted by family position. Intergenerational differences therefore become part of an ongoing process of negotiation and trust-building. Maintaining family relationships while introducing changes requires successors to balance respect for the founding generation with their own aspirations for improvement. This process reflects Respect and Trust Building.

Leadership Readiness as a Continuous Construction Process

The three informants did not perceive leadership readiness as a final condition achieved at a particular point. Instead, readiness was associated with the ability to solve problems independently, take responsibility, demonstrate maturity, and become a positive example for others:

“Siap itu nda bisa diukur... kalau sudah bisa selesaikan masalah sendiri, dewasa, bisa jadi contoh yang baik, sama bertanggung jawab.” (I-01)

This finding positions leadership readiness as a continuous process rather than a fixed attribute. Readiness develops through repeated experiences, increasing responsibility, self-evaluation, and recognition from others. Becoming ready to lead is therefore not simply a matter of possessing managerial competence, but of continuously demonstrating the capacity to assume responsibility within the family-business context.

Conceptual Synthesis: TRUST

The findings reveal five interconnected socioemotional values: Tenacity in the Process, Upholding Responsibility, Self-Proving, Respect, and Trust Building. These values are synthesized into the TRUST conceptual framework. TRUST does not represent a linear sequence of stages. Instead, the five values interact dynamically throughout the successor's experiences. Early involvement strengthens responsibility; experiential learning develops persistence and opportunities for self-proving; intergenerational interactions require respect and trust-building; and these experiences continuously reshape the successor's perception of leadership readiness.

Thus, the study conceptualizes second-generation leadership readiness as a dynamic, relational, and continuously constructed process. Within this process, socioemotional values become embedded in everyday experiences through which successors gradually develop responsibility, legitimacy, confidence, and trust as future family-business leaders

5. Conclusion

This study concludes that second-generation members in family-owned retail businesses in Makassar City construct leadership readiness through a gradual and experiential process

rather than through formal succession planning. Readiness develops through situational involvement that evolves into responsibility, direct learning through practice, intergenerational interactions, and continuous efforts to demonstrate competence and gain trust. Accordingly, leadership readiness is not perceived as a final condition but as an ongoing process shaped by experience, responsibility, and relational recognition. Viewed through the Socioemotional Wealth (SEW) perspective, the construction of leadership readiness is inseparable from the preservation of family relationships, trust, identity, and business continuity. These findings are synthesized into the TRUST conceptual framework: Tenacity in the Process, Upholding Responsibility, Self-Proving, Respect, and Trust Building. The framework illustrates that these values interact dynamically rather than develop as a linear sequence.

Theoretically, this study contributes to the literature on successor readiness by demonstrating that readiness involves not only managerial competence but also lived experience and socioemotional meaning. It further positions SEW as an interpretive lens for understanding how successors experience and construct leadership readiness rather than solely as a measurable construct.

Practically, founders are encouraged to provide successors with opportunities for gradual involvement, open communication, responsibility, and trust. For successors, leadership readiness can be developed through active participation, continuous learning, and the willingness to demonstrate capability rather than waiting until they feel completely prepared.

This study is limited by its focus on three second-generation informants from family-owned retail businesses in a single city. Therefore, the findings are not intended for statistical generalization but for contextual understanding. Future research could involve a broader range of informants, business sectors, and geographical contexts, as well as the perspectives of founding-generation members to provide a more comprehensive understanding of intergenerational succession.

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