

**THE DIFFERENCE OF KNOWLEDGE TRANSFER IN LEADERSHIP SUCCESSION IN  
FAMILY BUSINESS: COMPARATIVE STUDY BETWEEN CHINESE-INDONESIAN  
AND JAVANESE-INDONESIAN IN MICRO FINANCING INDUSTRY  
TO HOFSTEDE'S CULTURAL DIMENSIONS**

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**Abstract**

*This research is a study case research, with the scope of the research is to compare the succession process and knowledge transfer of two family businesses, a Bank Perkreditan Rakyat (BPR) - Credit Bank for the People in Temanggung, Jawa Tengah and a Koperasi Simpan Pinjam - Credit Union in Weleri, Jawa Tengah. A is a credit bank for the people that originates in Temanggung, Jawa Tengah. This is qualitative research that will be using primary data. In this research, an interview will be chosen, due to the ability to dig deep while having the respondent answer freely and without restraint of words and time limit. Due to the nature of the research as a case study, the population researched will be the two specific companies, which are BPR A and Kospin B. Due to the sample characteristics, it is found that the one that fits the purposive sampling characteristics is the old and new Leader of BPR A and the Leader and the son of the Leader of Kospin B. The data analysis technique is qualitative and comparative. Based on the research conducted, the results obtained are: The first factor of successfulness of a succession process is the willingness of predecessor to step down and relinquishing all power. The second factor is the successor's willingness to step up to the plate, which is very directly shown and stated that since the beginning there is nothing but continuing the family business and legacy and all that the successor have been doing is gearing towards the succession process. The third factor is the actual time spent for the planning stage before the process formally began. The fourth factor is the family's involvement level is the same before and after the succession process, seeing that the predecessor still hold a big portion of the power and delegates it slowly as the successor became more ready. And, The fifth factor is that everyone accepts the roles given, which could be shown that when the successor was in middle school, they are already happy when the predecessor shared the story without asking for opinion, and only after they were in high school did the predecessor start asking more for their opinion.*

**Keywords:** Compare, Knowledge Transfer, Research Case Study, Qualitative, Comparative, Successfulness, Successor's willingness, Actual Time, Family's Involvement Level, and Everyone Accepts The Roles Given

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## **1. INTRODUCTION**

Knowledge transfer is when an individual with a higher title or supervisor are recounting the story that they have experienced that will count in the knowledge arsenal of the company, that could be used to solve similar problems in the future or to synthesise new knowledge in order to solve a new problem (Argote & Ingram, 2000). This means that a knowledge could be transferred through written or verbal, formal or informally and between supervisor- junior or between peers. A company's knowledge transfer method is considered an important asset of the company, because it makes sure that the knowledge that company had and the culture they had when facing problems is unified and not scattered, so that the problem would not be occurred by disunion.

Competitive advantage gained because of knowledge may be unheard of, but nowadays knowledge has played an essential part in gaining competitive advantage in lots of industries, especially service industry or those who provide knowledge to their consumer. Example of a service industry that provides knowledge to their consumer is Ruang Guru, an application based company in Indonesia which provides online tutoring class for elementary, middle, and senior high school. For Ruang Guru, their extensive knowledge resources are the key to their business, thus becoming one of their best assets, with addition of the way of teaching, the question bank that further enriches the knowledge that becomes the most important assets of Ruang Guru.

Other than the service industry or knowledge based service industry, multinational companies such as Unilever also regard knowledge as one of their best assets. Company culture, such as the culture of handling consumers is also an important asset in such, if not managed properly, then could be proven disastrous for the company and could become a liability. Knowledge became very valuable to the industry, but the other part of knowledge that is also equally important is the ability to use existing knowledge in order to solve similar problems and synthesize existing

knowledge in order to solve new problems, with the ultimate goal of gaining competitive advantage.

In a world where sufficient knowledge transfer is needed, leadership succession, particularly in family business, becomes more important to take note more than ever. Leadership succession in family business happens when the leadership is moved between family members, whether it is between senior or junior generations in the family or between cousins or siblings which are in the same generation. The family business researchers are occupied with the succession leaderships, in order to preserve the family business or further expand it beyond the time of the founder of the organisation (Sharma, Chrisman, & Chua, 1996).

One example of family business in Indonesia that has successful succession beyond the founder's time is PT Djarum, which is now in the second generation. The founder is Oei Wie Gwan, which started a cigarette company in Kudus, Jawa Tengah. After a few years of expansion, the company nearly faced extinction when the factory was burnt down in 1963, and shortly after, Oei Wie Gwan died and his children, Budi and Bambang Hartono, had to carry the torch and rebuild the company. In 1972, the company was rebuilt and is big enough to export hand-rolled kretek cigarettes to retailers around the world. After that, in 1997 Djarum bought Bank Central Asia, which is the largest private bank in Indonesia and controlled 51% of the share. This is one of the examples of successful succession that might be a coincidence, due to misfortune but ultimately this leads the company to become more flourishing and could expand beyond the original business of kretek cigarettes. According to Beckhard and Dyer (1983), family businesses that survived until the second generation are only 30% from the total business, while only 10% could survive to the third generation. There are several factors that influence successful succession planning, which relies on the founder, interpersonal, group, organizational and environmental levels (Handler and Kram, 1998).

Succession is a relay marathon; a process that lasts through and exists all the time from the finish of the previous succession until formalised new

leadership transferring. A succession could be called effective not only if the new leader is appointed and everyone is supporting them, but also the state of the business; the quality of the business and the dynamics of the family connection is also critical to the effectiveness and success of the succession process (Handler, 1994).

Researchers have developed an approach of cycle that encompasses the process of succession in a family firm, between father and son. There are four stages, first is the stage when the owner is the only member of the family directly involved in the business, second stage is where the offspring learns the business, third state is when the father and son developed a partnership together and the fourth and last stage is when the responsibilities shifted to the son (Churchill & Hatten, 1987). While this model is elaborate in explaining the family firm succession process, Longenecker and Schoen (1978) provided the first three stages before the son enters the business as an employee, and a full-time one at that which when combined, completed both models. The first three stages are the stage when the son only aware of some facets of the organisation, but not enough (passively), the second stage is the time when the son started to become aware of certain organisation member or the few special words used in the organisation, although have not officially started as a full-time employee yet and last pre business stage is where the successor finally works as a part-time employee, but not yet as a member of the board or someone higher up (Longenecker & Schoen, 1978).

In succession, the adjustment process could take a long time, sometimes years. The succession includes the adjustment in terms of responsibility and the involvement within the organisation, in which increased/decreased over time, until the successor gained full responsibility and the previous leader left behind all the responsibility and the organisation in order to retire (Handler, 1990).

For the stages of the next-generation family member/new leader, there is always an increase of responsibilities, from no role or responsibility at all, but it does not mean in this stage the new leader is just idle and not doing anything, the new leader

could start by learning and gaining basic knowledge about various facets of the organisation before then become a helper. Being a helper means that you could do work, but most of the responsibility will still fall to the one you help. Then becoming a manager means the successor has a junior that counts on them, the responsibility is getting higher but has not encompassed all of the organisation yet. Then after becoming a leader or a chief decision maker, the new leader will have the responsibility that the old leader or the predecessor once had, and will move back to become the predecessor and go through step by step again and could begin the next succession process. Succession is a never ending process that stopped and started the moment a new succession finished.

Other than the old Leader and the new Leader, the stakeholders of the company also have an impact on the leadership succession process. A stakeholder can be described as every person who gets or can also make an impact on the fall or revival of the company (Freeman, 1984). Moreover, stakeholders can be divided according to their level of power and interest in the organization, into four categories, such as high power/high interest, high power/low interest, low power/high interest, and low power/low interest (Cadle, Paul, & Turner, 2010).

The stakeholder of a family business is the members' itself, and they belong to the high-power/high-interest category, since the opinion of a family member with not much importance on the paper could influence the succession matter due to their shared ancestry. Other family members included in high power / high interest are previous leaders who often have power and legitimacy because of the financial and emotional investment they have made over the years in the organization (Bjuggren & Sund, 2001; Cannella & Shen, 2001) and as a result, the previous leader has power over how the succession process and decisions must proceed (Lansberg, 1999). This research is a study case research, with the scope of the research is to compare the succession process and knowledge transfer of two family businesses, a *Bank Perkreditan Rakyat (BPR)* - Credit Bank for the

People in Temanggung, Jawa Tengah and a *Koperasi Simpan Pinjam* - Credit Union in Weleri, Jawa Tengah. in BPR Atha Utama and Koperasi Simpan Pinjam Sekartama.

The BPR (*Bank Perkreditan Rakyat*/Credit Bank for the People) A is a credit bank for the people that originates in Temanggung, Jawa Tengah. The owner is an Indonesian of Chinese-descent and after his second son was graduating from university, his son was directly brought into the board of directors to succeed him in the BPR. The process happened right after the son graduated.

Koperasi Simpan Pinjam (Credit Union) B is a credit union that originates in Weleri, Jawa Tengah. The chairman is an Indonesian of Javanese-descent and after his second son was graduating from university, his son was directly employed in the kospin to eventually succeed him in the kospin. The process happened right after the son graduated.

All subjects agreed to be interviewed and for the result to be published, but wished for their identity to remain anonymous, including the *BPR A* and *Kospin B* that they have.

## 2. LITERATURE REVIEW

### 2.1. Knowledge Transfer

Knowledge transfer in organisations is the process of how the experience of individuals could affect another individual or a group within the organisation (Argote & Ingram, 2000). This means that an individual, regardless of the position in the organisation, could share their experience that could become a valuable knowledge that could be received and reflected by another individual or a group in the organisation.

According to Watson & Hewett (2006), there are two aspects of knowledge transfer, the first one being the rate of acceptance and storing knowledge for creating value when later was being used again and pulled out for the application in the other department in the organisation. The second aspect is the extent to which the knowledge that had been received and stored could be accessed and then later used again to create a brand new knowledge (Watson & Hewett, 2006).

The objective of successful knowledge transfer, according to Ofek & Sarvary (2001), is a competitive advantage, particularly in two ways. First, successful knowledge transfer could save the time and cost used by using existing knowledge rather than creating new knowledge in order to solve a problem, and also achieving greater efficiencies that would get better economies of scale. Second, a successful knowledge transfer could lead to new knowledge being created, or a deeper knowledge that evolves the quality of service/products offered by the organisation, with the organisation's existing knowledge as the base and/or combining the different elements of said existing knowledge (Ofek & Sarvary, 2001).

There are two things that must happen for knowledge transfer to be beneficial, according to Watson & Hewett (2006). First, in the knowledge arsenal of the company, there needs to be knowledge that is worth something or having value that could be used by people again. The second thing is that knowledge must be used to develop solutions for new problems, or else the knowledge would hold no meaning. Thus, for knowledge transfer to be effectively used, the system's contribution of knowledge and the system's ability to reuse the knowledge adopted is crucial (Goodman & Darr, 1998; Watson & Hewett, 2006).

### 2.2. Leadership Succession

When between family members there is a transfer of leadership between one another, it is called a succession, whether between older or younger generations or between those of the same generation (Andersen & Mutual, 1997). Successful succession could lead a family firm towering other businesses, creating a competitive advantage over non-family firms (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001) because of the presence of familiness (Habbershon, Williams, & MacMillan, 2003) and idiosyncratic knowledge of family character (Bjuggren & Sund, 2001).

According to Sharma et al. (2001), there are five factors that influence the satisfaction or successfulness of the succession process, which is (1) the willingness of the previous leader to

relegate the title and power, (2) the new leader's acceptance of the job and to the business, (3) the length of planning that goes before the actual succession began, (4) the level of involvement of the family is the same before and after succession process and it is agreed upon all members, and (5) everybody accept the roles that is given and do it to perfection (Sharma, Chrisman, Pablo, & Chua, 2001).

Previous leaders, particularly the first generation or the builder, have spent half of their lives in the company, starting from the bottom and from scratch, so they may find that releasing this part of their life is not as easy as their mind made it up to be (Sharma, Chrisman, & Chua, 2003). The other previous leader could also find that relegating their title is terrifying because they imagined that when they step aside, the history that they have built until now would become smoke in the air. If in the succession process the previous leader did not have the eagerness to relegate the title, this could potentially impact the successfulness and satisfaction of the succession process of both the previous leader and the new leader.

A family business will not be a family business anymore if no one in the family is willing to replace the previous leader in the power position. If the new leader does not have the willingness to succeed, then even if forced the process will be halted and it will have a severe impact on the success that is indicated by the satisfaction of the previous and new leaders (Handler, 1992; Shepherd & Zacharakis, 2000). If the previous leader still wants part of the family to continue being the leader in the organisation, then having a willing new leader (2) is essential so that the whole process will run smoothly and could acquire the power to legitimately replace the previous leader.

When a succession began, it did not just start happening, it took time and strength to prepare all the necessary requirements, sometimes formal, sometimes informal. There is no denying that in order for the previous leader to relegate successfully, there are various preparations that had to be made, professionally and emotionally. Succession plans that are created thoroughly (3)

will create a smooth journey and are more likely to be supported by other stakeholders in the business, ultimately leading to the previous and the new leader's satisfaction with the succession process.

In a family organisation, usually there are other family members that have financial and emotional ties to the organisation, which could potentially impact the succession decision because it will involve the assets that they have cultivated painstakingly. In the succession process, the major stakeholder is the previous and new leader, but other family members that have emotional and financial ties to the organisation, through their power that they have garnered over the years could also influence the success of the succession process. When the said family members could agree to maintain the family's involvement in the organisation (4) and they could accept their roles in the business (5), the succession process would likely be successful, because the new leader have the support of not only the previous leader, but also various family members around them that could help them plant their foundations deep in the organisation. If the other family members did not agree to maintain the involvement of family and could not accept their roles (e.g. thinking that the new appointed leader is incompetent and not worthy of their position) then this could potentially disturb the succession process or in some extreme cases, could stop the process entirely (Dyer, 1986; Poza & Messer, 2001).

By combining explanations between Longenecker and Schoen (1978) and Churchill and Hatten (1987), we can get a detailed explanation of the six-step succession process of the family company. First, when the owner is the only family member directly involved in the business. The second step is the stage where the son is only passively aware of some aspect of the organization. The third step is when the son starts to realize certain members of the organization or some special words used in the organization, even though he has not officially started as a full time employee. The fourth step is where the successor ends up working as a part-time employee, but not yet as a board member or someone higher up. The fifth step

is when the father and son develop a partnership together. And the last step is the responsibility is transferred to the son (Churchill & Hatten, 1987; Longenecker & Schoen, 1978).

### **2.3. Stakeholders**

According to Freeman (1984), everyone who is getting or could also give the impact of the downfall or the rise of a company could be called a stakeholder. Stakeholders, according to Cadle, Paul, & Turner (2010), could be classified into four groups, depending on the power and interest they had towards the organisation. The four groups are high power/high interest, high power/low interest, low power/high interest and low power/low interest (Cadle et al., 2010; Freeman, 1984).

The first group is the high power/high interest group, which could be seen as the major stakeholders that a company or organisation should keep an active track of everyone's interest and movement within or outside the organisation, because the impact of what they did or didn't do could be significant to the organisation. Whenever the organisation has a plan or new information, these stakeholders should be informed first in comparison to other stakeholders. Most of the time stakeholders in this group have the ability to influence the execution of a business plan or marketing plan or even succession plan. Examples of this group are shareholders, upper management, angel investor and consumer base.

The second group is the high power/low interest group, which is essential to an organisation to be kept satisfied, because even if the power they hold could influence the organisation, if the organisation is working towards a clear and right path usually the stakeholders in this group won't interfere with the running of the organisation. Example of this group is the sponsor of a project and government.

The third group is the low power/high interest group, usually the one in this group is the executioner, the one who will operate on the project. While on a group level the decision could be seen as having high power, as an individual the stakeholders in this group do not have the power to change decisions that had or had not been made. Other stakeholders in this group that are not an

executioner usually have interest in the outcome of the organisation's project, however could not do harm to the outcome of the project, thus are satisfied by updating them on the project and keeping them informed. The information given to this group of stakeholders need not to be too detailed, could be updated through social media like Facebook, Instagram, Twitter, etc. Examples of the stakeholders in this group are community groups, workers and audiences that might be affected by the outcome of the project.

Low power/low interest groups are amongst the least priority to be informed to, but shall not be ignored completely. An organisation should keep a watch on the stakeholders that belong in this group, because this group is one of the most volatile groups, that have the highest potential to gain power or interest towards the organisation. After keeping a watch, then the organisation could anticipate if there are shifts in the power or interest between stakeholders in this group. Example of this group is the general public, which may or may not be aware of the project undergoing, however if a mainstream media decides to blast story about the project then the shift in interest could be high, that is why this group is highly volatile in terms of could be easily changing between power and interest compared to the other group.

In a family business, the family members are a stakeholder, in the high power/ high interest, because usually, while depending on the degree involved, a family member that on paper might not have much authority, but still could be heard and influence the matter of the decision of succession process due to the blood running inside them. Other member of the family that belongs in the high power/high interest is the previous leader which often has power and legitimacy due to the investment financially and emotionally they have made over the years in the organisation (Bjuggren & Sund, 2001; Cannella & Shen, 2001) and because of this fact, the previous leader have the power over how the succession process and decision should go on (Lansberg, 1999).

### **2.4 Hofstede's Cultural Dimensions**

Hofstede's cultural dimensions consist of six dimensions, power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance index, long-term orientation - pragmatic versus short-term orientation - normative, and indulgence versus restraint (Perdhana, 2015) :

- Power Distance

Power distance is a national cultural trait that describes the degree to which society accepts power in institutions and organizations that are distributed unequally. This dimension expresses the extent to which non-stakeholder members of society accept and predict that power is distributed unequally. The most fundamental problem here is how society deals with inequality between them, people in societies living in high power distance countries accept a hierarchical order where everyone has a place and does not need further justification, whereas people who live in countries with low power distance will try to get an equal distribution of power and demand recognition of power inequalities.

- Individualism versus Collectivism

Individualism is a national cultural trait that describes the degree to which people prefer to act as individuals rather than as groups. The relationship between one individual and another is not too binding or tends to be loose. Each individual always tries to take care of themselves and their family, such as nuclear families or those who are related by blood. While collectivism shows the nature of national culture that describes a fairly strong social framework in which individuals expect others in the group to protect or protect them. Individuals from birth continue to be firmly integrated and united in groups, which throughout life members of society continue to protect one another with unquestioned loyalty. Hofstede stated that the image of a person in society in this dimension is reflected by the words "I" (individualism) or "we" (collectivism). Indonesia has a very low score of Individuality with 14, making Indonesia a very collective society. Collective society means that there are ideals of the society and in groups that individuals are expected

to mold and fit into. In the workplace, the collectivist usually has no individual target, only groups target.

- Masculinity versus femininity

Masculinity and femininity refer to the basic fact that every society deals with things in different ways. The definition of masculinity in this dimension is people's preference for achievement, heroism, assertiveness, and material rewards for success. Society in a broad sense is more competitive in this dimension, which is the degree to which the culture favors traditional masculine roles such as achievement, power, and control versus a culture that views men and women as equal. High masculinity ratings indicate that there are separate roles for men and women, with men dominating society. In contrast to the masculine dimension, the feminine dimension relates to preferences for cooperation, humility, caring for the weak, and quality of life.

- Uncertainty avoidance

Uncertainty avoidance expresses the degree to which members of a society are uncomfortable with uncertainty and ambiguity. Individuals with a low uncertainty avoidance culture have the characteristics of being tolerant of rules or taboos. The individual prefers innovation and deviant ideas and behavior and has an interest in something different. In addition, individuals with low uncertainty avoidance have aggression and emotions that are not shown. Individuals will be more motivated by achievement and self-esteem. On the other hand, the characteristics of a person with a high uncertainty avoidance culture include being afraid of something that is uncertain or ambiguous and not liking deviant or different ideas and behaviors. Individuals will be more accepting of risks that are already known.

- Indulgence versus restraint

The dimension of indulgence reflects a society that in its social order is very tolerant of the expression of desires and feelings, especially those related to the use of leisure time, seeking entertainment with friends, purchasing goods, consumption and sexual matters. The end of the continuum of this dimension is restraint, which

reflects the society that withholds the pleasures mentioned earlier. People who fall into this category tend to be less able to enjoy life.

#### **2.4. Past Research**

The dimension of indulgence reflects a society. There are several past research that explained similar things that could be an inspiration in doing this research, which is:

1. Predictors of satisfaction with the succession process in family firms (Sharma et al., 2003, *Journal of Business Venturing*). In this journal, it is found that the theoretical development of family business research suggests that there are five factors that influence satisfaction with the succession process of a family business, which is the willingness of the incumbent to step down, the successor's willingness to succeed the incumbent, the agreement of various family members to keep the involvement of the family inside the business, the acceptance of varying individual roles within the business or within the family, and the planning of the succession itself. This journal offers originality that the five aspects could help in determining whether a succession is successful in terms of all parties kept satisfied or not, this journal also introduces two dimensions in family business, which one is the incumbent & successor's satisfaction level after the succession is done and the other is the level of output that the business reaches after the succession is successful (Sharma et al., 2003).

2. Family business succession: Appropriation risk and choice of successor (Lee et al., 2003, *Academy of Management Review*). This journal researched the reason a family appoints its offspring or nonfamily managers using the game theoretic approach, also how families reduce the appropriation risk by using an employee that has served for a long time in the company, in which they are assumed to have proven their trustworthiness, and how the appointment of family members did not mean it is a nepotism, but acting according to the appropriation risk. The reason a family appoints its offspring is because usually the business is highly idiosyncratic, even though the non-family managers might be more competent

than the child. However, it does not mean that there is no exception, when the child's qualification is too low that if appointed, the business will face extinction, then the family might use a seat-warmer strategy. If a family business is low in idiosyncrasy and the child is not competent, then a non-family manager will be appointed for the top job (Lee, Lim, & Lim, 2003).

3. Leadership Transfer and The Successor's Development in The Family Firm (Cabrera-Suárez, 2005, *The Leadership Quarterly*). This research helps by studying the factors that influence successful succession in the company from the previous or old leader to the new leader in a family. The research gets the result by comparing more and less successful cases. While the sample is far from Indonesia with a different background, from Gran Canaria, Spain, however the key takeaway could be taken and applied to help understanding the research that will be done. There are two criteria used in this research to determine whether the succession is successful or not, with the objective criteria being the evolution of the business and the subjective criteria being the family relationships after the succession and the satisfaction level of all the family members and stakeholders involved (Cabrera-Suárez, 2005).

### **3. RESEARCH METHOD**

#### **3.1 Type & Source of Data**

This is qualitative research that will be using primary data. In this research, an interview will be chosen, due to the ability to dig deep while having the respondent answer freely and without restraint of words and time limit. There will be a set of questions in the interview and the questions are semi-structured and the other question will follow depending on the answer of the respondent. There is also a possibility of adding a question that the interviewer deemed interesting to ask or something that could add to the data collection and ultimately enrich the research.

#### **3.2 Population**

Due to the nature of the research as a case study, the population researched will be the two



specific companies, which are BPR A and Kospin B.

### **3.3 Sample**

From the both populations, Purposive sampling will be used for the in-depth interview, with the characteristics which is the person directly involved in the leadership succession and the one that is transferring the knowledge or the one before transferring. Due to the sample characteristics, it is found that the one that fits the purposive sampling characteristics is the old and new Leader of BPR A and the Leader and the son of the Leader of Kospin B.

### **3.4 Data Analysis Technique**

The data analysis technique is qualitative and comparative. Qualitative data is when the data can not be measured and can not be expressed in numbers. This type of data should be looked at carefully and assessed accurately.

There are five steps of analysing data according to Yin (2011), the first step is Compiling, which means consolidating and sorting all the notes and interview results that have been collected during the research. This first step is aiming to help writers also in presenting and analysing the data in the next steps. The second step is Disassembling, to further break down compiled data into bite-sized data in order to be easily presented and digested by the writer when analysing them. The third step is reassembling, which is further grouping of the bite-sized data that we got to further analyse them. The fourth step is Interpreting, in which the writer will take a look at the collected and grouped data, comparing the data collected to the theory and getting a small hint & idea of what's going on. The final step is Concluding, after finding all the data and their connection to the theory, a conclusion is going to be drawn from the available data gained from the analysis and interpreting stage.

## **RESULT AND DISCUSSION**

There are 4 (four) research subjects that have been successfully interviewed through email and instant messaging application (Whatsapp). The first subject is the old Leader of BPR A, the second being the new Leader of BPR A, the third is the old

Leader of Kospin B and the fourth and last subject is the new Leader of Kospin B. Both old Leaders haven't left the management entirely, however they are already stepping down from a major role and took a more passive role, while still exerting big influence in the company.

In the data analysis stage, there are three major things that are going to be compared, the first one is the knowledge transfer and leadership succession process between old Leader of BPR A and the new Leader of BPR A, the second one being the knowledge transfer and leadership succession process between old Leader of Kospin B and the new Leader of Kospin B and the last one being comparing all the answer divided by their respective companies (BPR A and Kospin B) to Hofstede's cultural dimension, in order to see whether Chinese-Indonesian (BPR A) and Javanese-Indonesian (Kospin B) run their company in the same way according to the Indonesian type researched by Hofstede, or are they the exact opposite.

There are 5 factors that influence the successfulness of a succession process, according to Sharma et al. (2001), which is the willingness of predecessor to step down from the position and giving up all the power, the successor's willingness to step up to the plate, the time spent for the planning stage before the succession process began, the family which has the same involvement level in the company and that everyone could understand and work the roles given perfectly.

### **4.1 Knowledge Transfer and Leadership Succession of BPR A**

The old Leader of BPR A is still very much holding a central figure in the bank, with him still holding the President Director position in the bank, however, the successor have been slowly getting hold of their own position in the company as well, being the Vice President of Marketing, one of the position right below the President Director and above everyone else. The successor says that she always wanted to contribute and help in the family business, even developing a marketing and business plan through the eyes of millennials to improve the

business before going to college in the United States. The predecessor said that the process is very much still in transition, however they have also stated that in the back of their mind, they have always wanted for the family to contribute to the business, no matter how big or small.

The succession process really develops the successor's sense of responsibility and belonging to the business, as they come to realize that someday they would have to be in the business and run it as if it's their own. They also took the responsibility and learned a lot from studying abroad, which they believe will help as a fresh asset to the company. The predecessor also noted that a fresh and young perspective in the company is always great in order for the company to stay relevant and appealing to the up and coming generation. Academic experience is also stressed very importantly by both sides, however the predecessor notes that books and class could sometimes and oftentimes be very different from the real world, so sharpening the business acumen in the real world is a must. The successor also notes that they are always reminded to preserve the company's prominent history and culture.

They both agree to talk professionally with a great respect and proper work attitude when having conversation about business. There are some differences according to the predecessor though, they feel that there is a certain freedom and independence expected from the successor's generation, so finding the in-between of a disciplined work environment while making the ambience less formal than it used to be. There is certainly a gap between the predecessor and successor, with the successor feeling as if they are being respectful enough and with proper great respect and proper work attitude, while the predecessor feels that they have to make concessions to make the ambience less formal.

They both agreed that the important part of leadership required to lead a successful family business is self-awareness, the successor mentions that the ability to put themselves in the shoes of those working for them is a very crucial attitude to have, while the predecessor mentions that it is very

important to control emotions and reactions towards something because people look up on us. Never giving up is also a very important trait to have for a leader, because the position requires some very tough people.

The predecessor and the successor both unanimously agree that there is nothing that they would change from the succession process, with the successor stating that they do not feel forced at all to be a part of the succession process. One thing they feel regret about is that they would have loved to be more involved at a younger age, in which the predecessor replied that it would be too soon and would rob the kids of their playing time.

The first factor of successfulness of a succession process is the willingness of predecessor to step down and relinquishing all power, in which in BPR A the predecessor could be inferred from their statement that even from the start / early on, they always have the idea of the family contributing and ultimately replacing him as the top leader. This statement was further supported by other statements from the successor and predecessor that mentions that the successor is always being shared the case & problem going on in the company and would like to have their opinion on it, because the predecessor said that it is very great and helpful to have such a fresh and young perspective. The predecessor seems to be ready in stepping down and slowly relinquishing all the power while retaining a degree of control in order for the successor not to lose its ways.

The second factor is the successor's willingness to step up to the plate, which is very directly shown and stated that since the beginning there is nothing but continuing the family business and legacy and all that the successor have been doing is gearing towards the succession process. When asked if there is a feeling of obligation rather than likeness, they immediately say that it was always on their mind since the start whether the father will begin the process formally or informally later. The successor could be seen that they are very willing to step up and take the top leader mantle from the predecessor.

The third factor is the actual time spent for the planning stage before the process formally began. The time spent for the planning stage is actually years before the succession process began. The process formally began after the successor finished college, but the successor said that they had always had the succession process in mind as soon as they step onto middle school, with the predecessor oftentimes casually sharing the story and problem of the institution starting from the time they were in high school. The time spent informally is a long one and it is effective in creating the sense of belonging and responsibility in the heart of the predecessor.

The fourth factor is the family's involvement level is the same before and after the succession process, seeing that the predecessor still hold a big portion of the power and delegates it slowly as the successor became more ready, so the involvement level stays the same or even more since the successor might get a hold of many more things compared to the predecessor.

The fifth factor is that everyone accepts the roles given, which could be shown that when the successor was in middle school, they are already happy when the predecessor shared the story without asking for opinion, and only after they were in high school did the predecessor start asking more for their opinion. The successor also shown that they are more adept in the creative side of the business, that is why after graduating, the successor did not want the position of the president directly, yet asking for the position of Vice President of Marketing, in order to fully master the creative side before moving to the financial and business side of the institution.

The five factors that indicate the successfulness of the succession process is filled enormously by the succession process of BPR A, with both the predecessor and successor in one mind and the family supports both of them so that there are not any problems arising whether internally or externally. The succession process was a success. The knowledge transferred was also a success given the answers were similar even though they were both interviewed separately, it shows that

both of them were seeing the world from the same point of view.

#### **4. CONCLUSION**

Based on this qualitative research process, it can be concluded The five factors that indicate the successfulness of the succession process is filled enormously by the succession process of BPR A, with both the predecessor and successor in one mind and the family supports both of them so that there are not any problems arising whether internally or externally. The succession process was a success. The knowledge transferred was also a success given the answers were similar even though they were both interviewed separately, it shows that both of them were seeing the world from the same point of view.

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