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The family business of leadership succession by comparison cluster between Kauman and Laewyan Batik industry

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Abstract:

The purpose of this research is to (1) analyze the leadership of the old generation to the next generation in the family business in Kauman and Laweyan. (2) Analyze the leadership succession in family businesses conducted in Kampung Batik Kauman and Laweyan, (3) Know the culture of the organization in running the family business in Kampung Laweyan and Kauman (4) Knowing the empowerment model for leadership succession for sustainability in the family business. An analysis is conducted by study case. The result of this research is the ability to lead and influence the next generation through the motivation, the application of the mindset to promote batik industry belongs to the family, delivering the next generation of trust and responsibility in order to continue to survive, participate in improving the quality of the next generation through education and skills training, as well as increased the performance of the next generation to cooperate to achieve the goals set by way of various activities to be carried out jointly determined between the previous generation to the next generation, in addition to the recognition of the vision and mission of the batik business, as well as the influence of a strong parent support. Cultural organizations in running the family business in the Laweyan and Kauman ; through innovations on the motif, style, color, as well as the development of products, processes and technologies, courage in taking risks as do the next generation.

Keywords:

Family Business, Succession Leadership, Batik of UKM

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Background

Batik industry in Indonesia is a medium industry of trading (UKM), which became the life style of the environment in society. Batik is one type of clothing that has been growing rapidly in Java since a few hundred years ago. The majority of Indonesian society have known batik in motif or design both traditional and modern. Before the monetary crisis in 1997 medium batik industry experienced a prosperity. Batik industry in Java have ups and downs and growing rapidly in the 1970s. Batik industry setbacks caused by the financial crisis in 1997. Due to the financial crisis, the impact on batik products has decreased. Batik production takes a long time and complexity in the manufacturing process. So in the implementation there are batik and batik printing.

Batik industry will not be able to survive long when the first generation was not able to build the next-generation love. The first generation was not successful succession of leadership in the next generation, then the business is built will not last long. According to Marpa (2012) family firms have advantages and can last from generation to generation. Based on a survey of Family Business Review (2003) in Susanto (2005: 16) showed 71 per cent Australian owned family company in the first generation, about 20 percent by the second generation and only 9 per cent owned by the third generation. According Westhuizen, Van der and Garnett (2014: 32) are a family company in some countries, but very few are successful after the first generation due to failure of succession. Family business leaders needed to learn how to manage the factors that influence the succession process. According Aronoff, McClure, and Ward (2011) conducted a study that identifies the family business at 10 big companies that focus on business succession rather than a transition generation, team management and ownership. The more important of family ownership, the importance of strategic planning in family businesses, financial management, improve managerial professionalism, retirement security, and quality of education in the family business. There are four questions that will be answered in this study:

1. How does the leadership of the old generation to the next generation in the family business in Kauman and batik Laweyan?
2. How do the leadership succession in family businesses in Kampung Batik Laweyan and Kauman?
3. How does the organization's culture is in the family business in Kampung Batik Laweyan and Kauman?
4. How to empowerment model for sustainability leadership succession in the family business?

Literature Review

Leadership Succession At Family Business

There are various definitions and approaches of leadership succession in family business. Marpa (2012) succession in family enterprise is defined as the handover from owner-founder or owner manager (incumbent) to a successor, either a family member or not a member of the family, which is a professional manager. Transitions in the family company actually involve the transfer of ownership, the transfer of management and the transfer rules (governance). The definition of succession, Aronoff et al. (2011) is a prolonged process of planning which aims to ensure business continuity across generations. From these definitions, the succession process takes quite a long time so that a successor can be prepared with more mature. Careful planning will produce a maximum results. Therefore, in choosing a successor in an organization required careful planning along with good

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management. According Ghee, Ibrahim, and Yap (2013) that the determinant of the performance of family businesses is the issue of succession and experience of potential mediators. The characteristics that determine the performance of family businesses is to start from the owner of the authoritarian, communication problems with relatives, motivation for success, dissent and decision-making powers in succession in the second and third generation. From the results of research conducted then showed that the style of management, relationship of family members, values and preparation their significantly affect the performance of the family business. Various studies have described the importance of leadership succession. Here are some of the research on family businesses:

| Nama Peneliti | Hasil Penelitian |
|----------------------|---|
| Wahjono(2011) | The local culture is pervading culture of the organization should be the primary consideration in conducting internal succession for the performance of family firms can be maintained and improved. Hierarchical nature of the relationship, not individualist, proactive, looking at other people's good and not evil rooted in religious teachings should be the basis for the establishment of the organization's culture. Implications for Economic Education theory of the findings of this study is that economic education could take place in the society and families not only in school. Economic education in the family be positioned as a family is the best place on the development of values, attitudes, and behaviors economical. |
| Soedibyo (2007) | The important fact in the process of succession in family companies, namely: Preparation of succession so batik, between the older generation and the next generation. Quality of succession is determined by variables that can communicate the concept and philosophy to the younger generation. Planting family values to avoid conflicts, the necessary clarity on the rights and obligations of each member of the family early on. The spirit, intention (intention), honesty, and honesty, and sincerity (sincerity) of doing business. |
| Wijaya (2008) | The results of this study is to explain the problems that occurred in the industrial district in Surakarta batik Laweyan and how to overcome them. Problems that occur from the lack of appreciation of the young generation in the art of Javanese batik as cultural works, so it is difficult to find young people who want to inherit the art of batik. Laweyan batik entrepreneurs overcome the problems through the establishment of the community of Kampung Batik Laweyan and develop a network of subcontracting industrial and develop a network of trade relations batik, both local and international trade. |

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| <p>De Massis and Kotlar (2014)</p> | <p>Family company has a unique dimension for example in behavior, appearance and develop resources. This research helps to understand how the processes in the family company, which has been ignored. The case in the family business on inter-family ownership and management succession process that occurs in succession is how the level of social interaction and organizational development in the family company.</p> |
| <p>Cater and Kidwell (2014)</p> | <p>Functions and governance leadership group successor in the family company. In this study indicate excessive competition between the members of the next generation so that hinder the effectiveness of the group, and patterns of cooperation, implementation of the decision, the collective agreement for the division of power and authority, as well as build confidence in the system of the next generation of leaders</p> |
| <p>Henssen, Voordeckers, Lambrechts, and Koironen (2014)</p> | <p>This study examines the relationship between autonomy and CEO of Family business conduct. Build ownership theory that there is an important determinant of behavior management autonomy CEO and only mediated by the possession-oriented individual.</p> |
| <p>Madison, K. , et al. 2014.</p> | <p>This research is oriented towards entrepreneurship and small business as well as the relationship of company performance. Significant differences occurred between family and non-family companies. This study was conducted in 377 small businesses, the entrepreneurial-oriented companies have greater impact on the performance of non-family companies while small business orientation boosts performance on a family company</p> |
| <p>Mussolino and Calabro (2014)</p> | <p>This study shows a variety of paternalistic leadership styles performed by the predecessor generation family company such as attitudes, norms, perceived behavioral control by the successor. These factors affect the perception of the quality of the process of succession successor with paternalistic leadership style in the context of the family business.</p> |
| <p>Suess (2014)</p> | <p>This research deals with corporate governance that focuses on meeting the family and family, family councils and family constitution. Overall governance factors in eight family company can be identified and correlated into a conceptual model.</p> |
| <p>Guidice, Mero, and Greene (2013)</p> | <p>Guidice, R.M., et al. 2013 The perception of accountability in the family business uses the accountability theory to understand the difference between family and non-family. There is a unique difference in the Accountability in the family business and the effect on the development of perception between family status. Potential contingencies in relation accountability status of the family is also considered as the implications of effective monitoring of the performance of the company</p> |

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| Goel, Mazzola, Phan, Pieper, and Zachary (2012) | Strategy, ownership, governance and social psychological perspective on the family business from all over the world. This study discusses the ownership and governance of the family system, business systems and dialogue with several experts for related disciplines. |
| Blumentritt (2006) | This study discussed the existence of the board of directors, advisory and planning in family businesses. Leading role in corporate governance and family are functionaries in the company, the provision of resources in the family business that affect significantly affect the family business. |
| Miller (2001) | This study was to determine the level and type of management strategy and then analyzed to determine differences and similarities in both personal and business characteristics of the company among the family business group business manager. The result is a small family business focusing on comprehensive planning and control at an advanced family business for success. The problem that occurs is only on the marketing strategy |
| Pardo-Del-Val (2007) | Succession in family-owned business is a phenomenon that triggers application of the theory of change management so as to improve the understanding to identify the factors that must be taken into account when implementing it. Organizational changes carried out tailored to succession in family enterprise and the process can avoid conflict in the family business |
| Motwani (2006) | This study reports the results of a survey of 368 owners of small family for medium-scale enterprise (SME) in accordance with the company's annual revenue, number of employees, and the number of family members who work in the company, significant differences were found between large and small companies. The results of this study indicate centrality of family-owned businesses to develop a formal succession plan, communicate successor and provide training / mentoring to the CEO replacement |
| Morris (1997) | The results of interviews conducted with second and third generation family business and the owners of the models obtained are three determinants of a successful family business transition is the level of preparation of the heirs, the nature of the relationship between family members and a kind and control of the activities involved is the family. |
| Westhuizen, Van der, J.P. dan Garnett, A. 2014. | A few family company that continues after the first generation due to failure of succession. Family business leaders need to learn how to manage the factors that influence the succession process. The researchers acknowledged leadership is critical to the success and survival of the company, despite the high failure rate of the family business in the second generation and the next generation will develop good leadership practices to sustain business performance. The results showed a significant positive correlation exists between leadership practices and business performance for the leaders of the first generation of |

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| | the family business |
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Table 1. State of the art of Business Owned Family Research

Method

This study adopted a qualitative method. This study wants to analyze the leadership succession in family business enterprises in Cluster Laweyan and Kauman of batik, Surakarta, Indonesia. A number of questions are designed to be given at the time of deep interview. The research sample there are 4 Batik business owners in Cluster Laweyan and Kauman. The subject of research is the source informant while Molleong (1993: 76) states that the research subject is well aware of what is being studied. Subjects were people who used to give information about the situation and condition of background research. In order to determine the subject of good research, there are several requirements that must be considered, that person long enough to follow the activities are being researched, fully engaged in activities that are being studied and have sufficient time for questioning

Results

Old Generation Leadership to Successor Generation

Results of interviews conducted to several informants, researchers try to explain each of the characteristics of the informants come from four (4) informant, the following details:

1. Batik Laweyan Village

There are two respondents were interviewed. First, Mr. H. Achmad Sulaiman, Mr. Solomon is the owner of Batik Puspa Kencana. Mr. Sulaiman is the 6th generation in the family business. Secondly, Mr. Nurudin are leaders in Batik Handsome Men. Aside from being a batik entrepreneur Mr. Nurudin also perform Batik industry. Mr. Nurudin is the 3rd generation of the family who continued batik business owned by his family.

The success of a leader in running a company is influenced by several factors, one of which type or style of leadership used. No type of leadership is most appropriate, so that a leader should possess and understand the various types of leadership that can be adapted to their environment. It is also done by Batik Puspa Kencana where Mr. H. Achmad Sulaiman always anticipate in case of conflict. Batik Puspa Kencana Company is a family company run by a leader who has a strong vision and mission, namely H. Achmad Sulaiman and helped his mother Diana always innovating to create a motif that makes the characteristic of batik Puspa Kencana. Mr. H. Achmad Sulaiman has a leadership style that is extraordinary, where he as a leader have emotional leadership from the heart or "nguwongke" humanizing. Mr. H. Achmad Sulaiman is a leader who is a combination of heredity, talent, and environment are factors of education, training and experiences that allow such talent can be actualized properly. Mr. H. Achmad Sulaiman could become a leader because of the role of parents who since childhood has given motivation to him so as to have mental maturity to become a leader. As the leader is able to show his personal vision / mission and to be able to communicate and make decisions. Nature of characteristic of Mr. H. Achmad Sulaiman, has shown an attitude as a leader, consultative, for example: to make decisions, always based on the results of consultation with all components and willing to listen to voices from the lower levels. And the things that have been invested taught leadership to Ms. Diana as the next generation.

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Mr. Nurudin is the 3rd generation of the family who continued batik business owned by his family. At this time Mr. Nurudin doing Batik its leadership succession to Mr Andri son who is a 4th generation (four). Mr. Nurudin is a leader have freedom or have full authority in decision-making or policy of the company. The leadership of Mr. Nurudin was very interesting that he has a strong instinct that is able to see the opportunities that narrow but be a large market share. This was addressed with his ability to choose to produce batik that adapts to situations and conditions that are growing, for example, the World Cup in the event then batik handsome man also produces batik given pattern in addition that images the countries there to participate in the world cup. So that superior products Batik Handsome man slowly able to penetrate the world market. Mr. Nurudin lowered to the next generation, namely his father Andri who also have thought that goes along with his father so that leadership is executed in the batik industry goes well, can unify the group, working hard to build consensus and commitment to the group.

Preparation Succession to do is first of all, the next generation to follow the preparation of a succession strategy. The strategy is important for future generations as a leader must identify what things that can make the company remain successful in the future and what changes need to be done when doing succession. In addition, the next generation needs to adjust its strategy batik industry with talents and abilities potential successor. Leadership transition in the works if the preparation is done carefully. Family factors can also affect the preparation process of succession. As the older generation, Mr. H. Achmad Sulaiman still provide assistance to the batik industry which is run by his son as the next generation. Similarly, the father Nurudin still provide guidance to his son Mr. Andri doing business family business in batik.

2. Kampung Batik Kauman

Mr Gunawan address at Kampung Batik Kauman, Mr Gunawan is a batik entrepreneur named Batik Gunawan Setiawan. Mr Gunawan is the chairman of the community forum kauman batik village. Mr Gunawan is the fourth generation of his family. Pioneering batik business owned by his father Mohammed and Siti Badriyah. The owner of this batik is Mr. Gunawan Setiawan, a graduate of Bachelor of Economics. This is a business venture batik batik originated from a concern when his owners go through college. Initially selling batik for Mr. Gunawan Setiawan is an attempt to "defend the batik business owned by his family". This does not necessarily become suddenly hailed by him. Gunawan Setiawan leadership is a combination of heredity, talent, and environment are factors of education, training and experiences that allow such talent can be actualized properly. Gunawan Setiawan received guidance from his parents to be a good leader and supported by science, namely Gunawan Setiawan pursue economics that ultimately support him to become a professional leader. According to Gunawan Setiawan Good leadership is leadership that is done in a modern way by considering their human resources and technological capabilities. Besides the science of management is also used as a benchmark in decision making. Batik Gunawan Setiawan has used or manage the company well where it has formed a production manager, financial manager and marketing manager.

Mr Afrosin Kauman Batik is located in the village, he was a businessman batik and batik shops named Dakon Mas. Mr. Afrosin is the 4th generation (four), which reduces the work Batik family hereditary. Currently of effort relegated to a daughter named Isnaeni Ulfa Nur as a generation to 5 (five). Batik Dakon Mas fourth generation held by Mr. Afrosin as a successor to both and is in preparing for the generations to 5. To achieve success, the leader must carry out their mandate with love. This is done by Afrosin as leader Dakon

Mas Batik. The emphasis of the leadership of this company is located on the entrepreneurial spirit. Every leader must have a good entrepreneurial spirit in which Mr. Afrosin argues that although fixed income should not despair because of the profit and loss are the implications of doing business. Mr. Afrosin are leaders who are not necessarily directly awarded the company their parents to be managed, but through the efforts of very hard, where as a child he had to have an entrepreneurial spirit. Education and parental guidance is a huge factor in making him a leader. Since childhood, he is very happy to entrepreneurship while not getting even wages. It is through the determination that the key to success in business is "love". Love here is the love of the job, which, if already love it will be preserved, maintained and developed over backwards to be a competitive company. A good leader must have integrity (personality), intellectual (knowledge), intelligence (spiritual), skill or ability / expertise, have power or can influence others, willing to learn, listen and ready to be criticized. Mr. Afrosin in leadership dominant in the approach of the intelligence or spiritual doing more encouragement to the employee or employees to grow and progress but it is also aware of the age and ability then Mr. Afrosin been delegated to his son who is now her son has begun to expand its business by having batik showroom own besides the batik business owned by his father.

Preparation was also made by the older generation in the Kampung of batik Kauman to the next generation, namely children. Preparations made by batik Dakon Mas told his son to send their children through formal education at the undergraduate level, namely in the field of textiles. So expect after graduation can directly handle the batik business owned by his family. Now Batik Industry Dakon Mas has begun controlled by the next generation, namely his son's mother Isnaeni generation to 5. As the next generation Batik Dakon Mas son married and expand its business by opening their own batik showroom near Batik Dakon Mas managed by the husband of Mrs. Isnaeni. In Kampung Batik Kauman Mr. Gunawan Setiawan also prepare a successor of his generation. As the next generation in Batik Gunawan Setiawan, Mr Gunawan not release the batik business families as prospective successors are still in high school. So at this time Batik Gunawan is in the process of learning to their children. Mr Gunawan ensure that children understand that role in the family business should be considered as an option and not an obligation or compulsion. By doing so, future leaders will be to have more initiative in running the family Batik industry in the future.

b. From the research results it can be seen that the next generation in the development of friendly batik industry has begun to engage potential successors in conducting business activities.

1. Engagement potential successor must be prepared early so that he can get a lot of experience of involvement in activities within the company. Because the experience is one thing that is important in the continuing company.
2. Potential successor should be given the opportunity to run the most important areas of the business so that he gets more responsibility. Responsibilities will produce better quality for future leaders in the future.
3. The next generation should provide knowledge and leadership values to prospective successors, so that what is earned by potential successor not only technical skills, but also the psychological stuff.
4. Potential successor should also get the business network of the previous leader for the relationship with business associates can stay in touch even though there has been a change of leadership within the company. Then the new leaders must develop skills,

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charisma, and his reputation in the family business batik industry. From several sources of informants, the type of leadership that is owned by the owners of the batik industry in both the village and Kauman Laweyan are included in this type of human-oriented democratic leadership or the employees and provide efficient guidance to his followers. There is coordination of work on all subordinates, with an emphasis on a sense of internal responsibility of myself and good cooperation.

The dynamics of family relationships influenced by the pattern of leadership. Characteristics of a leader will determine how the communication patterns that will proceed in life that shape these relations. Leadership is communication that positively affect the group to move toward the group's goal. Leadership is the most decisive factor group communication effectiveness. Group dynamics are determined by how this would happen leadership styles. But it could also conversely, how the group led, will affect the pattern of leadership. It turned out that the birth of leadership styles are not solely due to the influence of the leading vertically, but also because of the influence of which led horizontally. Types of leadership, she also gave birth to a variety of attitudes and behavior of people in the lead group. Therefore, the ways different leadership demonstrated by a leader to his subordinates have different effects on group interaction.

Leadership in the Kampung Laweyan and Kauman shows that the ability to lead and influence the next generation to cooperate to achieve the goals set by way of various activities to be carried out jointly determined between the previous generation to the next generation. Leadership styles are applied to the democratic leadership indicate that decisions and policies are made jointly between leaders and subordinates, mutual communication can take place, an atmosphere of mutual trust, respect and appreciate and be a responsibility shared responsibility.

The next generation in carrying out everyday tasks based on the orientation of the leadership that characterizes the behavior taught by his parents as the previous generation.

The effectiveness of the leadership as a person depends on the interaction that occurs between the previous generation to the next generation so that the extent of these interactions affect the behavior of the leader in question. Then the previous generation has been taught to the next generation on how to manage, how to notify and provide instruction and supervise the implementation of the tasks and performance of subordinates, marketing and convey ideas as a basis for decision making.

1. One of the characteristics inherent in the batik industry in the village of batik Laweyan and Kauman in a family business is the desire for leadership of the company is held by family members. These characters are generally based on the role of the family in a family business, namely utilizing and supervising the resources available, determine the level of specialization and integrity, facilitate communication and coordination, as well as regulate the authority and trust, including determining who holds the leadership of the company. Although the leadership has given full for the next generation of family members who sit on the company's leadership role is so crucial that the professionals should consult with family members in decision making. Industry leader in running a family business that are not members of the family will ask for approval from family members who lead.

2. In the early days, the leadership of the family business is usually informal. Founder oppose their organizational structures and systems. There are no strict separation between corporate issues with personal or family issues. At this stage, leaders tend not to

rely on people other than family members. In fact, they are also reluctant to involve the next generation. If involved, its role is still minimal. Decision-making authority is entirely in the hands of the founder. But along with the growth of the family company, which is characterized by increasing revenues, profits, total assets, market share, number of customers, number of employees, the number of operating sites, the complexity of business operations, and the number of family members who are active in the company, the leadership model of this kind of course can no longer be maintained.

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