

CHALLENGES AND OPPORTUNITTIES IN FAMILY BUSINESS LEADRSHIP REGENERATION

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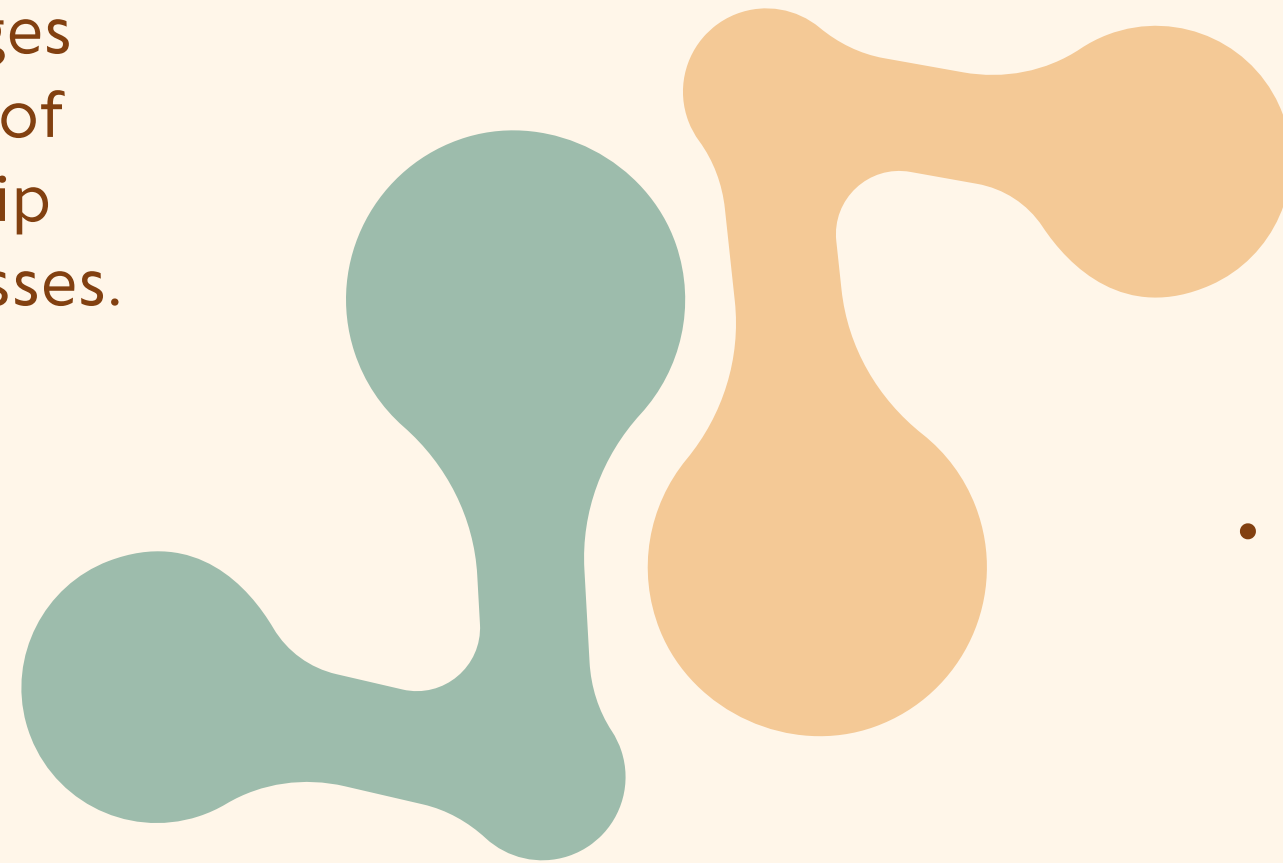
BACKGROUND

Family businesses play an important role in the national economy as they are a major source of employment and economic growth. However, many family businesses in Indonesia struggle to survive after a generational change. The main challenge they face is the leadership regeneration process, namely the transfer of responsibility from the founder to the next generation.

Problems such as a lack of succession planning, generational differences in values, and internal family conflicts often hinder business continuity. Nevertheless, the presence of younger generations who are more adaptable to technology and the global market provides great opportunities for innovation and management professionalization. Therefore, leadership regeneration is key to maintaining the sustainability and competitiveness of family businesses in the modern era.

RESEARCH OBJECTIVES

- Identify the main challenges faced during the process of regeneration or leadership succession in family businesses.



- Exploring strategic opportunities that can be utilized to improve the sustainability and competitiveness of family businesses in the modern era.

RESEARCH METHOD



- Method: This method uses a literature review of descriptive qualitative approaches.
- Data sources: scientific journals, academic books, theses and research reports.
- Publication period: 2010-2024
- Keywords: “family business succession,” “leadership regeneration,” “succession planning”
- Analysis technique: Descriptive analysis of the challenges and opportunities of leadership regeneration



RESEARCH RESULTS

Leadership regeneration in family businesses is not merely a transfer of power, but a strategic process involving the inheritance of values, adaptation to change, and management restructuring. Research (Sharma et al., 2012; Le Breton-Miller & Miller, 2014; Ward, 2019; Susanto & Susanto, 2018; Lee & Lim, 2022) shows that success or failure in this process is influenced by internal factors (family relationships, culture, communication, readiness) and external factors (technology, globalization, market pressure).

DISCUSSION

A. REGENERATION CHALLENGES

1. Lack of Structured Succession Planning

- Many founders delay or avoid transition due to emotional factors.
- Around 70% of family firms fail beyond the second generation.
- Absence of formal governance or clear transition roadmap.

2. Differences in Values and Leadership Styles

- Founders: traditional, experience-based, authoritative.
- Successors: modern, tech-oriented, open to innovation.
- These differences often cause internal conflict and poor communication.



REGENERATION CHALLENGES

3. Limited Capabilities of Successors

- Successors often chosen by bloodline, not merit.
- Lack of leadership or managerial experience.
- Need for entrepreneurship education and leadership training.

4. Dependence on the Founder

- High reliance on the founder for strategic decisions.
- Difficulty delegating authority to the next generation.
- Weak organizational structures hinder smooth transitions.



B. REGENERATION OPPORTUNITIES

1. Professionalization of Management

- **InnovAdoption of transparent, merit-based management systems.**
- **Inclusion of professionals from outside the family.**
- **Clear division of roles between family and non-family members.**

2. Innovation and Digital Transformation

- **Younger leaders drive modernization using technology and e-commerce.**
- **Enhances operational efficiency and global market reach.**

3. Intergenerational Collaboration

- **Combines founders' experience with successors' innovation.**
- **Builds mutual trust and ensures value continuity.**

4. Strengthening Identity and Sustainability

- **Regeneration strengthens company culture and long-term vision.**
- **Encourages local value preservation with global competitiveness.**

CONCLUSION

Leadership regeneration is vital for ensuring business continuity and stability. It is not merely a transfer of power but also a transition of values, vision, and culture that define the company's identity. Key challenges include the absence of structured succession planning, generational conflicts, and limited readiness for modern business changes. Yet, these challenges bring opportunities for innovation, digital transformation, and global competitiveness.

Success depends on transparent planning, strong communication between generations, and balancing tradition with innovation.

With proper management, regeneration can secure sustainability and strengthen the family business's long-term advantage.

THANK YOU

