

ANALYSIS OF THE SUCCESSION PROCESS AND CHALLENGES OF THE SECOND GENERATION AT PT ALFA VIKTORI FAMILIA

Sofia Umari¹, Metta Padmalia²
Universitas Ciputra^{1,2}
E-mail: metta.padmalia@ciputra.ac.id

Abstract: This study analyzes the succession process and challenges faced by the second generation in PT Alfa Viktori Familia, a family-owned company in Indonesia. This study uses a qualitative approach with in-depth interview methods with the main informant sources, namely the founder as the first and second generation successor, managerial staff, and experts in the family business. The research results show that commitment and trust are factors in the succession process, with family values having a big role and also helping in shaping the successor's readiness to continue the business. The analytical framework uses the Seven-Pointed Star Model by Rothwell, which covers seven aspects of succession planning. The research results show that aspects of intergenerational commitment and trust have been implemented strongly. However, most other aspects such as assessing potential successors and development programs have not been carried out systematically. The challenges faced include difference in leadership styles, adaptation to technological and market changes, and gaps between generations. This study suggests the need for a more professional succession system, including the use of performance indicators (KPI), mentoring programs, and ongoing evaluation to ensure business continuity across generations. These findings contribute to the business literature and become a practical reference for family companies in Indonesia.

Keywords: *Family Business, Succession Process, Second-Generation Challenges, Seven-Point Stars Model, Successor Selection*

Submitted: 2025-09-22; Revised: 2025-09-27; Accepted: 2025-09-29

1. Introduction

Family businesses represent the most common type of enterprise globally, ranging from small companies serving a local community to large conglomerates operating in multiple industries and countries. Economically, the total influence of family businesses on global gross domestic product is more than 70 percent. In Asia, family businesses dominate 85 percent of private companies and contribute significantly to the region's economic growth. Family businesses also contribute a significant portion of employment and have been a driving force behind the rapid economic expansion of Southeast Asia over the past few decades (Agustina & Hashim, 2024).

Family businesses are not tied to a specific size in terms of employees or turnover. They can also be found in almost any industry and do not need to have a specific legal form (Gottschalk et al., 2023). There is no single universally accepted definition of family business,

either in academic literature or public discourse. According to *the Foundation for Family Business* (Gottschalk et al., 2023), a company of any size is a family business if:

1. Most decision-making rights reside in the ownership of the individual who founded the company, or in the ownership of their spouse, parents, children or direct heirs of their children.
2. The majority of these decision-making rights are indirect or immediate.
3. At least one family representative or relative is formally involved in corporate governance.

According to new PwC research, 65% of NextGen family business members say their top priority is achieving business growth. At the same time, a similar number of respondents, 64%, say their family business has an opportunity to lead in sustainable business practices. Over fifty percent, namely 55%, assert that their family business prioritizes sustainability in all strategic initiatives, whereas 71% recognize their business's need to address climate change and its associated effects. (PwC, 2022).

Family-owned enterprises generally encompass a range of formal leadership roles. Executive responsibilities are commonly held by the CEO and the chair of the board, who also tend to represent the interest of the shareholders. Within the family sphere, leadership is often assumed by figures such as parents, grandparents, or appointed heads of the family council. In these systems, these formal leaders do not make all critical choices. They also don't offer all the advice. They do not distribute every resource. However, families rely on them to play a part in directing and leading their group due to their significant authority, influence, and access to key resources, these individuals often play a central role in decision-making within the organization (Davis, 2019).

As stated by Rakhmawanto (2020), succession planning involves the identification and preparation of prospective individuals to assume future leadership or managerial roles. In an organization, an individual cannot continuously hold a leadership role. Therefore, leadership transitions must be managed properly to avoid conflict (Irfan, 2020).

Succession planning is considered an important part of an organization's human resources because it can be used to fill vacancies in certain leadership positions (Rakhmawanto, 2020), ensure leadership continuity, avoid transition problems, reduce promotion incidents (Kim, 2003), and prepare for unexpected conditions (Butler & Roche-Tarry, 2002).

2. Literature Review

Family business and ownership may have various definitions. The main objective of family business is to achieve cohesion and equality between management and ownership of the company, while achieving the main objectives of the company. One of the main issues that family managers must face is, in addition to succession and generational change, ensuring the growth of their business. The strategic behavior of family businesses is more conservative compared to non-family businesses. Family businesses are considered more stable entities, which gives them many advantages and makes them more sustainable, with their growth being more modest than non-family businesses (Novotná et al., 2022).

The presence of family members can be seen through four important points, namely the involvement of the family in management, ownership by family members, the position of president director held by a family member, and the company being managed by the family successor. (Yopie & Chrislin, 2022).

So, to get human resources that can contribute maximally to the organization, a leader is needed who can instill a sense of trust in his subordinates, provide opportunities for his subordinates to explore their potential for the advancement of the organization, and the leader

must be able to communicate well with his subordinates, so that the values of the organizational culture that are to be built can be realized through collaboration. Examining the leadership style used in the organization is an important factor to consider when maximizing employee performance. Leadership plays an important function in a business, especially in increasing employee participation and coordinating efforts to solve challenges. (Ausat et al., 2022).

Developing a family constitution plays a vital role in strengthening internal unity, as it provides a structured opportunity for family members to gather, articulate shared values, and design a long-term roadmap for achieving their collective mission across generations. By facilitating mutual understanding of the family's history and core principles, this process fosters deeper familial connections (Prangle & Warren, 2023).

Moreover, having a clearly formulated succession framework contributes to organizational stability and confidence in the company's future direction. In critical situations-such as the sudden loss or illness of a key leader-a comprehensive succession plan can significantly reduce the risk of financial disruption (Agrawal, 2023).

According to the *Transform to Build Trust* report by PwC, which examined responses from over 2,000 family businesses across 82 countries between October 2022 and January 2023, approximately 43% of respondent reported double-digit sales growth in the past fiscal year-an increase from 21% in 2021. Notably, 73% of those achieving such growth were businesses aligned with progressive strategies. The report also highlights a growing inclination among family businesses to adopt sustainable practices, with 50% of those incorporating UN Sustainable Development Goals into their objectives experiencing substantial growth during the same period (PwC, 2023).

The challenge for this family business is the lack of awareness related to the importance of sustainability. A myth that has spread in relation to family businesses is when "The first generation builds, the second-generation enjoys, and the third generation destroys". It seems that this is one of the frightening problems for every family business that is now entering the second-generation. One of the causes of failure of failed family businesses is succession (Ison, 2021).

Succession planning refers to a strategic initiative undertaken by human resource professionals and organizational leaders to ensure organizational sustainability and leadership continuity (Smalls, 2022). It involves systematic identification of key leadership positions – ranging from mid-level supervisors to executives-level roles-that are critical to the organization's operations (Tamunomiebi & Okwakpam, 2019).

This planning process also contributes to long-term organizational development through future-oriented strategies, with succession efforts closely aligned with employee retention to support the achievement of overall strategic objective (Hassan & Siddiqui, 2020).

Basic Theoretical Framework

In this study, the researcher chose the underlying theory in the selection of successors and the succession process in family businesses by using 7 models of the succession process. Systematic succession planning and management need to go through stages called the seven star model. (Wahyuningsih & Ferijani, 2021).

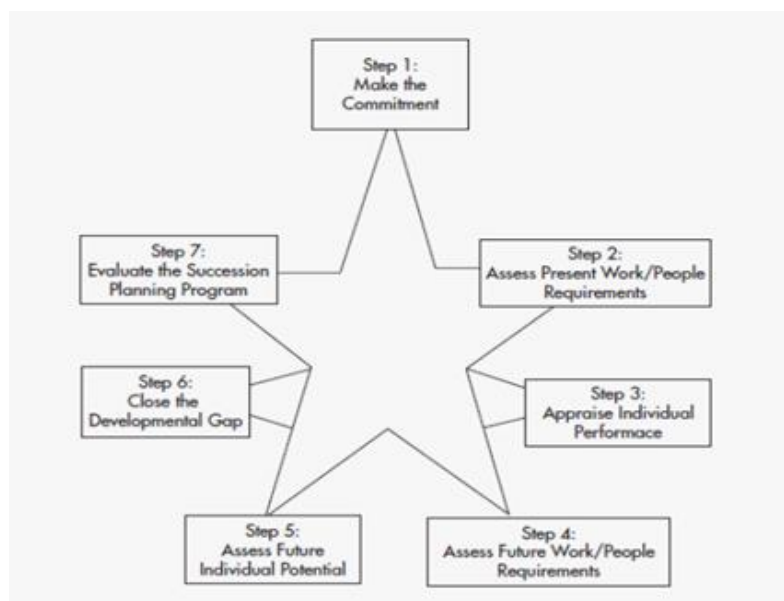


Figure 1. Succession process model

Source: *Succession analysis in family business* (case study at PT. BJE)

Rothwell's succession planning framework emphasizes the significance of human capital by focusing on the continuous development of both current and future leaders in terms of their skills, knowledge, and related competencies, even as existing leaders remain in their positions (Smalls, 2022).

The seven-pointed star model proposed by Rothwell aims to establish a structured and strategic succession system that enables organizations to sustain their competitiveness in the marketplace. Additionally, this model facilitates the identification of future leadership gaps within the organization, allowing for targeted training, education, and talent development initiatives that help build a pool of qualified individuals ready to step into critical leadership roles (Mehrabani & Mohamad, 2011).

Critical Review

Table 1. Critical Review

No.	Journal	GAP
1.	<i>Succession in Family Business – Legal Frameworks, Family Firms and Family Constitution</i>	Conflicts in family businesses can use legal planning to facilitate the succession process.
2.	<i>Effect of Transformational Leadership on Organizational Commitment and Work Performance</i>	In family business there is always a GAP in every leadership style
3.	<i>The Process of the Intergenerational Succession of Leadership in a Family Business</i>	GAP in the succession process can be passed down to the next generation
4.	<i>Analysis of the Effect of Family Control on the Profitability Business of Filsyakhoi Spinach Crackers</i>	GAP from previous generations can emphasize the risks in relationships

Source: author surname and publication date

Family Business Philosophy: *Family First vs Business First*

There is a common perception that entrepreneurial families are often faced with a fundamental choice: whether to prioritize familial relationships or business interest – essentially defining themselves as their ‘family-oriented’ or a ‘business-oriented’ philosophy (Bashir, 2024). These differing perspectives reflect distinct cultural and philosophical orientations within family-owned enterprises, particularly regarding decision-making priorities.

The family-first philosophy places strong value on preserving family unity. Leadership roles are frequently assigned based on blood ties rather than professional competence, which can lead to the inclusion of under qualified family members in key positions. In such systems, seniority by birth may outweigh merit or expertise. Financial boundaries also tend to be more fluid, as company resources are sometimes used for personal family needs. Moreover, equal compensation is often granted to all family members, irrespective of their roles or contributions, with overall family harmony being the ultimate goal (Bashir, 2024).

In contrast, the business-first approach promotes objectivity and professionalism. Families operating under this principle manage their businesses similarly to non-family firms – relying on merit-based evaluations, clearly defined responsibilities, and structured governance. Family members are held to the same standards as external executives, ensuring equal treatment based on performance rather than familial status (Soriano, 2023).

Many family business owners acknowledge that maintaining equilibrium between business operations and family dynamics has become increasingly complex, as managing a family-owned enterprise demands significant investment in relationships, time, and personal energy (Fitria, 2024).

Consequently, achieving this balance necessitates the implementation of tailored governance mechanisms. One such mechanism is the establishment of a board structure, which defines the board’s nature, function, and composition—elements that can differ considerably across organizations depending on the size, complexity, and stage of the organization’s lifecycle. Pierce & Moukanas (2002) stated that the primary goal of the board is to provide leadership to the organization by collectively directing the affairs of the company and setting the pace for its current operations and future development.

The adoption of either a family-first or business-first orientation can produce varying effects on a company’s financial performance. Different management techniques, goals, and values apply to each philosophy. Choosing a family-first or business-first mindset can have an inevitable impact on debt, workforce, management, and succession decisions. The profitability of a family-first family business is used to support the needs of the family, while the profitability of a business-first family business is used to support the needs of the business (Bashir, 2024).

3. Research Method

This study adopts qualitative research design to analyze the succession process of PT Alfa Viktori Familia, a manufacturing company, with the aim of applying the findings to guide future succession processes. PT Alfa Viktori Familia previously named PT Kartika Arta Purnama is a company with the Salsa Cosmetic brand supported by a subsidiary of UD Fonda Mas which was established in 1980 and is located in Surabaya City. In 2016, PT Kartika Arta Purnama together with UD Fonda Mas and the Salsa Cosmetic brand were acquired by PT Alfa Viktori Familia in the hope of being able to fulfill the company's innovation better.

A qualitative research approach was selected to analyze the succession process in the company and how a founder appoints a successor to lead the organization on alignment with its strategic direction and values. The analysis can be used as a reference or applied to the next succession process or to the next generation.

Research Objects and Informants

For the selected informants, there are 4 types of informants selected. These informants aim to provide information and explain the succession process system used in the company. Interviews were conducted with Mr. Francis Tatad (founder), Mr. Alvito Verick Fransen (second-generation successor), Mr. Damar Prakoso (non-family managerial staff), and Mr. Lucky Cahyana Subadi S.Pd., MM (family business expert).

Data Analysis Techniques

Table 2. Data Analysis Techniques

No	Data analysis steps
1.	Conducting in-depth interviews with informants involved in the company PT Alfa Viktori Familia
2.	Compiling interview results, either verbally or in writing, into a report
3.	Attaching interview results to the report
4.	Analyzing interview results
5.	Compile and provide interview analysis results to be applied to the next succession process.

Source: Processed Data (2024)

Data collection was carried out using in -depth interview techniques to obtain comprehensive insight from each informant.

Validity of Data

Triangulation does not serve to uncover an absolute truth, but rather to deepen the researcher's comprehension of the data and factual context. As highlighted by Wiersma, triangulation within a credibility assessment involves cross-verifying information from multiple sources, using different techniques, and at various points in time (Budiana et al., 2020).

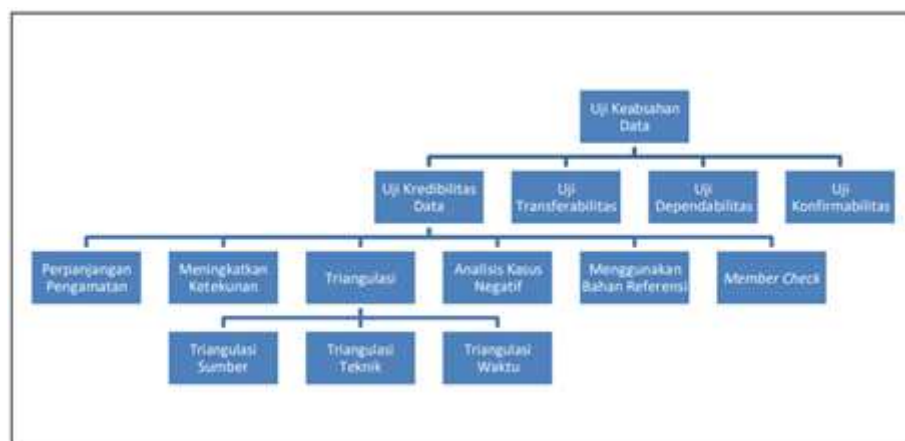


Figure 2. Data Validity Test in Qualitative Research

Source: Data Validity Checking Techniques in Qualitative Research in Public Health, Scientific Journal of Public Health Vol. 12 Issue 3, 2020

After collecting data with both methods, the interview data will be processed with a device called NVivo. NVivo is a software for analyzing qualitative data created to help researchers organize, analyze, and find patterns or themes from data collected by researchers. Researchers will use the software to process it into more structured interview results.

4. Result and Discussion

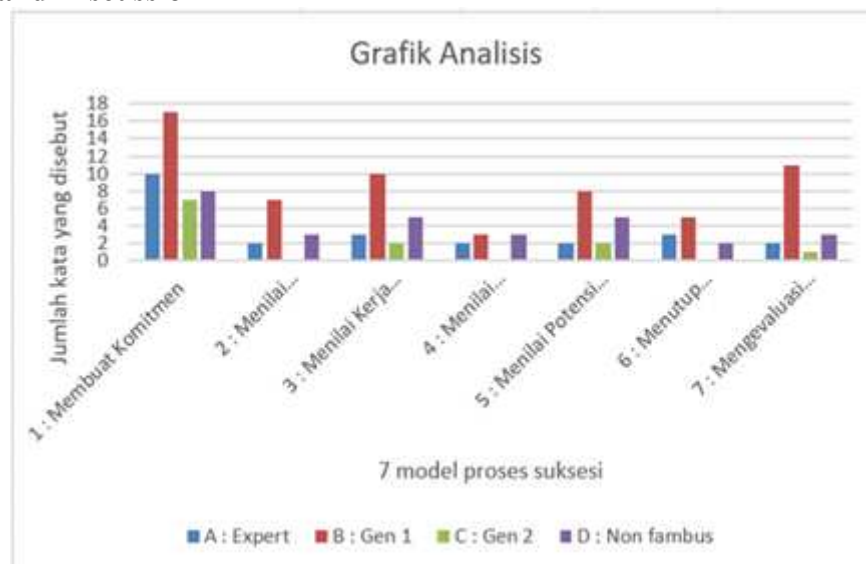


Figure 3. Matrix Analysis Results Graph With 7 Succession Process Models
Source: Processed Data (2025)

From the results of the analysis graph produced, there is a horizontal axis (x) as a point of 7 models of the succession process, and the vertical axis (y) as the number of vocabulary or topics mentioned by informants from the interview results. From the seven points, it shows the tendency of the succession process towards PT Alfa Viktori Familia.

1) Make the Commitment

Commitment was demonstrated by the first generation through the provision of understanding, trust, and education about the company, thereby fostering a sense of responsibility among their children.

“Many parents have failed to pass their business on to the next generation. So, because they also lack the education to convey to their children that this is our family’s vision and mission, the vision and mission of our family company, in addition to lacking commitment.” – Mr. Francis Tatad

2) Assess Present Work

In assessing job requirements, the first generation looks at the potential that exists in each child to be directed to the appropriate field of interest.

“That’s what I can do to ensure the continuity of this company, as I can see the talent of my son, the CEO, since we are talking about family business.” – Mr. Francis Tatad

3) Appraise Individual Performance

In this way, individual work assessment can occur properly following the right organizational structure, with how successors perform tasks and can see the innovation and progress of the Company.

“... Oh yes, for example, if the next generation is already aware of KPIs, but they don’t have the experience to implement KPIs or create KPIs, then they will recruit professional.” – Mr. Lucky Cahyana Subadi S.Pd., MM

4) Assess Future Work

In looking at future job requirements, the priority is technology and human resources that are appropriate to the field.

“So far, how does he view innovation outside? How does he try to continue advancing his company or business, and how does he accommodate his employees?” – Mr. Damar Prakoso

5) Assessing Future Individual Potential

When a successor sees his potential for the future, it is from how the successor sees innovation or interesting things out there to then be developed into his company.

“So, of course, what we see are the results and achievements. It’s simple, right? It’s very easy to assess achievements.” – Mr. Francis Tatad

6) Closing the Developmental Gap

The gap between the first generation and the successor is inevitable, especially when it leads to conflict. However, it can be mitigated through effective communication.

“I see the conflicts is no longer too obvious; the business conflict is no longer too apparent, and there is no longer a protracted conflict. The parents have respected their child’s decision.” – Mr. Lucky Cahyana Subadi S.Pd., MM

7) The Succession Planning Program

Evaluation is still carried out to see the extent of achievements and what needs to be improved in the future so that successors can find out what they can improve for themselves and the Company in the future.

“... if you ask how Mr. Vito is, I think I am still quite in tune with Mr. Vito, meaning that in my assessment, Mr. Vito is good enough to fill this position of president director.” – Mr. Damar Prakoso

5. Conclusion

This study concludes that the succession process and second-generation challenges at PT Alfa Viktori Familia, analyzed using a qualitative approach, highlight the *Seven-Pointed Star Model framework* by Rothwell. It can be concluded that the company prioritizes commitment, which has been instilled early on by the first generation, fostering a natural sense of responsibility among successors. Then there is trust given to successors, and the involvement of successors in every activity in the company. This can help strengthen the succession process for the next generation.

Theoretical Implications

The application of the theoretical framework reveals several aspects requiring improvement to achieve a more balanced succession process in the future. It can be seen from several points analyzed, such as the current job requirements point, indicating that the successor initially jumped in or was nominated because it was in accordance with their respective interests. However, it is not necessarily the case that it can make the successor ready to continue as a successor.

Practical Implications

Based on practical implications, companies can consider several steps in the following strategy:

1. Develop a role and competency-based *succession roadmap*;

2. Develop a successor potential assessment system by involving external professionals or consultants;
3. Integrating a performance indicator (KPI) based evaluation system as a basis for decision making;
4. Balancing family values with a professional work culture through fair training and reward systems.

Advice for Companies

It is recommended that PT Alfa Viktori Familia utilize the seven-point star model as a framework to ensure a smoother succession process. Additionally, involving external consultants or legal institutions as mediators can facilitate the succession process effectively.

Suggestions for Further Researchers

Further research is advised to apply the seven-point star model in different family business context to enhance generalizability. Future studies may also include additional informants, such as long-serving employees, distributors, loyal customers, and business partners, to obtain more comprehensive insight. Additionally, future research should provide clearer and more structured explanations to facilitate readers understanding of the models used.

The Family First vs Business First Philosophy

Based on the results of interviews, especially with experts in family businesses, PT Alfa Viktori Familia shows a tendency in the philosophy of 'Family First', where family relationships and loyalty are a priority in making business decisions. This approach provides strength in maintaining the company's values and identity, but also presents challenges in terms of objectivity, efficiency, and professionalism.

So that the next step PT Alfa Viktori Familia can start the integration of the 'Business First' approach gradually, by establishing a performance-based evaluation system, compiling structured KPIs, and developing a fair reward system. Thus, a balance between family values and professionalism can be achieved for stronger business sustainability.

References

- Agrawal, A. (2023). *The Importance of Succession Planning in Family Business*. <https://timesofindia.indiatimes.com/blogs/voices/the-importance-of-succession-planning-in-family-business/>
- Agustina, D., & Hashim, N. (2024). Ekplorasi Indikator yang Mendefinisikan Bisnis Keluarga Indonesia. *Jurnal Bisnis Dan Manajemen*, 1(3), 1–9.
- Ausat, A. M. A., Suherlan, Peeirisal, T., & Hirawan, Z. (2022). Effect of Transformational Leadership on Organizational Commitment and Work Performance. *Journal of Leadership in Organizations*, 4(4), 61–82. <https://doi.org/10.22146/jlo.71846>
- Bashir, J. (2024). Family Business Leadership Governance: The integrated practices of ASLI framework. *International Journal of Business and Management Review*, 12(3), 55–66. <https://doi.org/10.37745/ijbmFr.2013/vol12n35566>
- Budiana, S., Nurjaman, A., & Sa'adah, N. (2020). Analisis Model Pembelajaran Discovery Learning Dalam Tiga Rencana Pelaksanaan Pembelajaran (Rpp) Teks Laporan Hasil Observasi Kelas Vii Smp Di Kota Bogor. *Pedagonal: Jurnal Ilmiah Pendidikan*, 00(00).

- Butler, K., & Roche-Tarry, D. E. (2002). Succession planning: Putting an organization's knowledge to work. *Nature Biotechnology*, 20(2), 201–202. <https://doi.org/10.1038/nbt0202-201>
- Fitria, A. (2024). Bisnis Keluarga. RISOMA : Jurnal Riset Sosial Humaniora Dan Pendidikan, 2(3 SE-Articles), 72–80. <https://doi.org/10.62383/risoma.v2i3.87>
- Gottschalk, S., Hauer, A., & Ahrens, A. Dr. J.-P. (2023). The economic importance of family businesses. Stiftung Familienunternehmen. <https://www.familienunternehmen.de/en/publications/the-economic-importance-of-family-businesses>
- Hassan, S. N., & Siddiqui, D. A. (2020). Impact of Effective Succession Planning Practices on Employee Retention: Exploring the Mediating Roles. *International Journal of Human Resource Studies (IJHRS)*, 10(2), 21–55. <https://doi.org/https://dx.doi.org/10.2139/ssrn.3556924>
- Irfan, M. (2020). Mewujudkan Sistem Perencanaan Suksesi Nasional Making a National Succession Planning System Through the Development of Talent Management. *Civil Service Journal*, 14(1), 55–68.
- Ison, M. A. A. (2021). Pengaruh Perencanaan Suksesi, Hubungan Antar Keluarga, Dan Kepercayaan Terhadap Keberhasilan Suksesi Bisnis Di Komunitas Family Business Universitas Ciputra. *PERFORMA: Jurnal Manajemen Dan Start-Up Bisnis*, 6(2).
- Kim, Soonhee. (2003). Linking Employee Assessments to Succession Planning. *Public Personnel Management*, 32(4), 533–547. <https://doi.org/10.1177/009102600303200405>
- Mehrabani, S. E., & Mohamad, N. A. (2011). Succession Planning: A Necessary Process in Today's Organization. *International Journal of E-Education, e-Business, e Management and e-Learning*, 1(5), 371–377.
- Novotná, K., Lušňáková, Z., & Hanová, M. (2022). Aspects Affecting Growth of Family Businesses. *Economies*, 10(10). <https://doi.org/10.3390/economies10100256>
- Pierce, A., & Moukanas, H. (2002). Portfolio power: harnessing a group of brands to drive profitable growth. *Strategy & Leadership*, 30(5), 15–21. <https://doi.org/10.1108/10878570210442515>
- Prangle, K., & Warren, A. (2023). *We the Family: The Benefits of Creating a Family Constitution*. Brown Brothers Harriman. <https://www.bbh.com/us/en/insights/private-banking-insights/we-the-family-the-benefits-of-creating-a-family-constitution.html>
- PwC. (2022, June 6). Bisnis keluarga berpeluang untuk diuntungkan dari fokus generasi berikutnya pada pertumbuhan dan keberlanjutan, menurut Survei Global NextGen PwC 2022.
- PwC. (2023, March 21). Family businesses see largest growth increase in 15 years: traits like values, employee communication, digital capabilities stand out in companies which outperformed peers: PwC Global Family Business Survey.
- Rakhmawanto, A. (2020). Pengembangan Karier Aparatur Sipil Negara Dalam Perspektif Perencanaan Suksesi Berbasis Merit System. *Civil Service Journal*, 14(1), 1–15.
- Smalls, L. W. (2022). Succession Planning: Strategies HR Managers Use To Fill Key Leadership Positions. *Walden University*, 5-15.

- Soriano, E. (2023). *Time to Decide: Is it Family First or Business First? Part 3*. SunStar. <https://www.sunstar.com.ph/cebu/soriano-time-to-decide-is-it-family-first-or%0Abusiness-first-part-3>
- Tamunomiebi, M. D., & Okwakpam, J. A. (2019). Effective succession planning: A Roadmap to employee retention. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, 8(2), 1–10.
- Wahyuningsih, O. R. S., & Ferijani, A. (2021). Succession Analysis in Family Business (Case Study at PT. BJE). *Journal of Management and Business Environment (JMBE)*, 2(2), 115. <https://doi.org/10.24167/jmbe.v2i2.2693>
- Yopie, S., & Chrislin. (2022). Analisis Pengaruh Keterlibatan Keluarga terhadap Kinerja Perusahaan di Indonesia. *Owner: Riset & Jurnal Akuntansi*, 6(1), 359–368. <https://doi.org/10.33395/owner.v6i1.593>