Family Business Succession: Deciding on the Appropriate Successor for the Right Business

A Case Study at Mr. Tony Prayitno’s Family Business

Thesis

Submitted to the faculty of the Graduate Program of Management as Partial Fulfilment for the Degree of Master of Science of Management

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thank you for sparing your time and attention. Hopefully this research will contribute to science in general and the science of management in particular, by showing a broad point of view which can be useful in human live.
ABSTRACT

The succession plan holds the major key in the long-lasting family business. Difficult decisions to make are: who should be taking care of what exactly and when is the succession supposed to take place. If the owner has only one child, succession does not pose a real problem; but what happens if the owner has more than one child? Who will inherit the business? There are no rules when it comes to this, there are no conditions; it is for the owner to decide.

Having more than one male child and on the other hand having more than one business line within grasp, dividing these among the offspring and deciding on the right person for the right business line could create its own issues. This is the very reason of the writer of this research to study the reasons of a business owner who has more than just two businesses and an offspring of more than two sons. The location of this research is the Semarang area.

Inherited control is particularly questionable in the case of a publicly traded family business. Since the interests of the founding family and those of dispersed shareholders are not always aligned, problems may emerge. On the one hand, not trusting outsiders to maintain the family’s values and objectives may cause family firms to avoid hiring professional managers who can foster the growth required by external capital. On the other hand, not trusting family insiders may cause public investors to be cautious of buying company’s stocks.