Nurturing Transgenerational Entrepreneurship in Ethnic Chinese Family SMEs:
Exploring Indonesia

Purpose

This research paper explores and explains how predecessors (incumbents) of ethnic Chinese family small-and-medium-sized enterprises (SMEs) in Indonesia or appropriately called-Chinese-Indonesian family SMEs- nurture their successors in procuring transgenerational entrepreneurship.

Design/methodology/approach

A total of 25 participants contributed to this qualitative study that involves a multi-method triangulation design of the following research methods: (1) semi-structured in-depth interviews with experts, incumbents and successors of Chinese-Indonesian family SMEs, (2) field notes from conversations and observations during engagement with participants affiliated to the family SMEs, (3) a focus group discussion (FGD) with academicians, and (4) literature reviews. Another key approach is source triangulation whereby different participants – e.g. from among the experts, from among the incumbents, successors, and family members in each family business case - are interviewed as well as engaged outside the interview sessions.

Findings

The proposed theoretical framework depicts comprehensive attributes of nurturing Chinese-Indonesian successors to continue enterprising at the helm of family SMEs. Propositions are used to explain the impacts these attributes have on transgenerational entrepreneurship specifically. On the personal level, incumbents have to focus on discovering the successors' passions and nurture them in formal education, childhood involvement, as well as bridging them in entrepreneurial knowledge through cultural values, mentorship, autonomy, and role modelling. Incumbents also had to plan for their retirements to provide autonomy for successors. On the firm/family level, incumbents must be able to set a foothold on family governance, firm governance, and ownership distribution to reduce conflicts in their family businesses. Furthermore, as a minority group with past traumatic experiences, Chinese-Indonesian family SMEs usually equip themselves with contingency plans to protect their assets for the long-term future.
Limitations and Implications

This study is conducted in Indonesia amongst Chinese-Indonesian family SMEs and thus not generalizable in other settings. Literature reviews on family SMEs succession are still scant, especially on the Chinese-Indonesian.

Practical Implications

Predecessors/Incumbents of Chinese-Indonesian family SMEs could consider implementing the proposed nurturing strategies to their successors in order to sustain the longevity of the business based on trust, stewardship, and harmony. The theoretical research framework resulted from this study offers inclusive suggestions on how to nurture the next generation specifically from personal/interpersonal perspectives, which must be accompanied by specific scopes of family and firm perspectives. This study extends beyond indicating the factors (ingredients) by explaining how to nurture transgenerational entrepreneurship (cook the ingredients) in SMEs for a tactful transition. Hence, the incumbents play vital roles and must be poised to adjust their mindsets to certain aspects indicated in this study.

Social Implications

Majority of overseas Chinese businesses are family owned, and besides Indonesia constituting the largest Chinese population outside the Republic of China, this 3% of Indonesia’s population are known for controlling about 70% of the economy. Furthermore, Small-and-Medium Enterprises (SMEs) play a significant role in the Indonesian economy as they provide about 97% to the country’s employment and around 57.8% to GDP. Hence, the longevity of Chinese-Indonesian family SMEs must be well managed to bolster the economy and social welfare of the country.

Originality/Value

A transgenerational entrepreneurship model in the context of Chinese-Indonesian family SMEs is proposed, that incorporates the nurturing process of the successor to step up the helm of the business.

Keywords: ethnic Chinese (Chinese Indonesian), Indonesia, small-and-medium enterprises (SMEs); transgenerational entrepreneurship

Type of Paper: Research Paper

INTRODUCTION
One ethnic group that stands out in Indonesia is the Chinese-Indonesians and how they play a significant role in the nation's economy through their entrepreneurial spirit and skills. According to the World Economic Forum (June 27, 2016), Indonesia consists of 7.67 million Chinese-Indonesians, which is the largest Chinese population in the world residing outside of China. Another significance is that they are known to constitute 3.5% of the population but contribute 70% of Indonesia’s economy (Chua, 2004; Huntington, 1997; Suryadinata, 1999); Karsono and Suprapto (2015) stated the Chinese-Indonesian family businesses contributed over 60% of Indonesian monetary activities. When referring to the report in the most recent publication by Globe Asia (August 2016), based on the top 20 conglomerate groups when ranked in terms of revenues, 60% of them are owned by Chinese-Indonesians. This data indicates the significance of the roles of Chinese-Indonesians to the country’s economy: The current population of around 258 million people, ranking fourth in the world after China, India, and the United States (U.S. Census Bureau, 2016), with a GDP of US$932.259 billion in 2016 that ranked it 16th in the world economy (World Bank, 2018).

Thus, it is essential to investigate the development of Chinese-Indonesian family SMEs as they strive to manage the longevity of the business. The significance of this phenomenon is intrigued by Zellweger et al. (2012) referring to John Ward’s 30/13/3 survival statistics, while Breton-Miller et al. (2004) stated it as 30/15, which means 30% of the family firms will survive to the second generations, 13% or 15% to the third, and barely 3% beyond the third. However, the trend of family business longevity has frequently referred to John Ward’s 30/13/3 survival statistics: 30% of family firms survive to the second generation; 13% survive to the third; 3% survive to the fourth (Ward, 1987).

The Economist Intelligence Unit (2014) surveyed 250-majority family-owned businesses in South-East Asia (SEA), and the respondents stated that succession plan is vital to the firms' growth strategy as it is easier to attract investment from confident investors as well as trust from customers. The research report went on to pinpoint at smaller firms for not being prepared for succession planning, thus leading to this study is focused on Chinese-Indonesian family SMEs. Despite the Indonesian firms being the best prepared in succession planning in the SEA, they are the most stressful in experiencing conflicts among family members over the business strategies. Handler (1994) explained it appropriately with his annotation that family business succession is a multi-staged process that stretches from before the appointment of the successor to the effective management by the successor in handling the
business risks and family dynamics. Although the key factors and processes of transitioning family firms from one generation to another have been identified such as in Barnes and Hershon (1976) and Breton-Miller et al. (2004), the individual or interpersonal level studies that are inclusive of emotional and other non-financial aspects of how families cultivate entrepreneurship from one generation to another have not been primarily focused for research (Baù et al., 2013; Jaskiewicz et al., 2015; Nordqvist et al., 2012).

Moreover, Zellweger et al. (2012b), Jaskiewicz et al. (2015), and Chaimahawong and Sakulsriprasert (2012) recommended further research to explore family business succession in various countries or regions to extend the findings of the strategies used for succession, as societal changes affect longevity over time. Although Jaskiewicz et al. (2015) introduced three broad constructive strategies - strategic education, entrepreneurial bridging, and strategic succession - for entrepreneurial legacy, the particular attributes in each of the strategy are for the most part different and not contextual to this study’s focus on Chinese Indonesians. Thus the research gap to be inquired is how do incumbents in Chinese-Indonesian family SMEs nurture their successors to achieve transgenerational entrepreneurship? In other words, how can successors be cultivated so that they can produce transgenerational value for the longevity of the firms? In analogical stance to cooking, past literature may have stated the “ingredients” to extend transgenerational entrepreneurship to successors, but hardly explore and explain how to cook them together into “delicacies”, especially from individual-level perspectives.

The extant literature on Chinese-Indonesian family business succession is still scant (See Table 1). Furthermore, due to past Indonesia’s history of cultural assimilation of the Chinese and being the 1998 riot victims, the researchers had to take a qualitative approach to probe into the mind-sets of this distinctive ethnic group. This research is also challenging, as Chinese-Indonesians are known to be reserved, or in other words, tight-lipped. There are a total of 25 participants whom the researchers approached, and almost all have the Chinese-Indonesian background. This study commences with the articulation of Chinese-Indonesian background and transgenerational entrepreneurship. The researchers also slightly highlight the motivational drive of family business and acutely direct the theoretical background from family/firm level to individual level perspective by emphasising on family business career, leadership, and succession process. Through explorative findings, the researchers theorise by discussing the detailed aspects of which incumbents should focus on their successors -
successor’s essence, strategic education, entrepreneurial bridging, and strategic transition - to perform accessory pathways towards transgenerational entrepreneurship.

CHINESE-INDONESIAN BACKGROUND

Chinese-Indonesian Family Enterprises

Chinese-Indonesian businesses have been playing important roles since the Dutch colonial times, and it was not until 1966 that they adopted the form of large business groups or conglomerates. Based on 1996 data, 23 of the 30 largest groups were established during President Suharto’s regime called the New Order (Sato, 2004). In 1998, economic crisis and huge riot hit Indonesia, resulting in the fall of Suharto’s presidency and the massive capital of an estimated US$165 billion leaving the country (Merdeka, 1998). This traumatic experience still haunts a lot of Chinese-Indonesian businesses (Chua, 2008), and this study attempts to delve into the mind-sets of incumbents as they pass on the torch to their successors.

Small-and-Medium Enterprises (SMEs) also play a significant role in the Indonesian economy as they provide around 97% of the country’s employment (Mourougane, 2012; Yoshino and Wignaraja, 2015) and contribute 57.8% to GDP (Yoshino and Wignaraja, 2015). According to Jacobsen (2004), Chinese-Indonesian SMEs are more significant than the major Chinese-Indonesian firms and conglomerates because they are more grounded than the giants when there are political instability, social unrest, and economic turbulence, especially when these major incidents occurred in 1998. Since the global economic crisis in 2008, family firms have been known to be more sustainable and growing despite the “turmoil in the markets and fundamental readjustments in major economies” (Englisch, 2012, p. 3), and thus businesses have come to their realization of putting more emphasis on long-term goals that last in generations rather than merely in months. Fan (2013) recommends at least 10 to 20 years to prepare for transgenerational entrepreneurship and also emphasises in cultivating the intangible asset of Chinese values in the successors. Before alluding to the scope of business, it is essential first to understand a slight historical background of the Chinese-Indonesians.

Discriminating Issue: The History

The history of Chinese-Indonesians can be traced back as early as 1500 to 1800 when a massive wave of migration occurred during the Dutch colonial era to find trade opportunities.
Most of them became businessmen or traders (Mackie, 1976) and were subsequently stereotyped as wealthy Chinese businessmen. During this colonial era, the Chinese Indonesians occupied the middle position between the Dutch officials and the native Indonesians, thus creating a power structure of the Dutch at the top social status and the native Indonesians at the bottom (Preston and Vickers, 2007). Consequently, this added to the current anti-Chinese sentiments among the locals. Aside from the locals, the Dutch, despite knowing the important economic role of the Chinese-Indonesians, had resentment towards them due to the economic rivalry. Then on October 9, 1740, this seething hatred led to the massacre of around 10,000 Chinese-Indonesians in three days as the colonial government offered a bounty on their heads, and a place called Kali Angke meaning Red Stream was named illustrate the blood flowing into the river (Wijayakusuma, 2005).

After the Japanese from the Dutch occupied Indonesia in 1942 during World War II, Indonesia finally gained independence from Japan’s occupation in 1945 and the total release of colonial control from the Dutch in 1949. Despite the country’s independence, citizenship for the Chinese was still not settled as the military, Islamic nationalists, and left-wing groups were resolute that assimilation by ridding of Chinese customs was first necessary (Suryadinata, 2005). Thus, the uneasy relationship between them and the locals still existed, while the Chinese businesses were starting to dominate the economy again (Dick, 2002).

According to Wie (2006), in 1959, Government Regulation 10/1959 was issued to prohibit foreign nationals – the Chinese especially – to do retail businesses in rural areas and to transfer their businesses to Indonesian nationals, and one of the reasons was due to the fear of communist influence. This regulation proved to be the most evident anti-Chinese government policy from 1950-65.

Afterwards, during the New Order of President Suharto’s era (1967-98), Suharto was able to stage-manage the roles of the Chinese in respect to political and economic arenas (Wijaya, 2008). President Suharto undertook the homogenising of Chinese cultural identities, “orchestrating the erasure of intra-Chinese ethnic diversity and emphasizing in its place a process of assimilation within a universal Indonesian identity” (Turner & Allen, 2007, p. 112). Chinese schools and scripts were prohibited, and the Chinese-Indonesians were strongly encouraged to change their names to “Indonesian-sounding” versions (Anderson, 1983; Suryadinata, 2000). Aside from barring Chinese Indonesians to participate in politics, President Suharto also advised Chinese-Indonesian businesses to set aside 50% shares for local Indonesians while at the same time as mentioned by Hill (1996), seeking assistance
from the Chinese-Indonesian entrepreneurs to manage the economy who ironically later became conglomerates in the 1960s and 1970s. However, in 1998, the 1997 economic crisis led to anti-Chinese violence and the end of the New Order Regime (Chua, 2004). The 1998 riot was known to predominantly targeted the Chinese-Indonesians (Refugee Review Tribunal (RRT), 2008).

The tense relationship between the Chinese Indonesians and local Indonesians had has been controversial even up to present time. Throughout the periods of Dutch colonial rule, New Order regime, and current Reformasi era, the Chinese Indonesians had have been the scapegoats, if not targeted ethnic group in the midst of political and economic uncertainties (Turner and Allen, 2007). The most recent case occurred in November 2016 against Jakarta (capital city) Governor Basuki T. Purnama – a Chinese Indonesian – for alleged blasphemous comments about the Muslim religion, resulting in more than 100,000 crowds protesting on the streets against him. As Indonesia is the largest Muslim-majority country (US State Department, 2018), this incident caused another uprising fears and anxieties that had not been experienced among the ethnic Chinese community and business owners since the riots in 1998 (Holmes, 2016). “Alexander Ferry, a board member of the Jakarta branch of the Chinese-Indonesian Association, said community leaders have sent around a security circular in neighbourhoods that could be targeted. He also said he had heard more reports of verbal abuse against ethnic Chinese over the past month, particularly through social media” (Schonhardt, Nov. 6, 2016, para. 24). These phenomena bring about inquiries of the mindsets of incumbents and successors as they strive to create transgenerational family values in Indonesia. As mentioned by Hoon (2011), regardless of the duration the Chinese have had settled in Indonesia, they will still be regarded as newcomers. Even if they are born and raised in Indonesia, they will still be rather precarious towards their surroundings, “in materials and in immaterial terms.” (Koning, 2007, p. 150)

TRANSGENERATIONAL ENTREPRENEURSHIP

Breton-Miller et al. (2004) viewed the succession process as the transfer of capital ownership that involves the partition of shares among siblings, cousins, and others. However, beyond that, “Transgenerational Entrepreneurship” is referring to "a family mindset and capabilities to continue their entrepreneurial legacy of social and economic wealth creation across many generations" (Cruz et al., 2006, p. 1) through the continuous creation of autonomy, innovativeness, and proactiveness by the family as a group or an individual family member.
The convergence of both family business and entrepreneurship, with the concept of “familiness” as one of the key drivers (Habbershon and Williams, 1999; Klein et al., 2005) is shown in Figure 1. Family orientations such as interdependency, loyalty, security, stability, and tradition (Martin and Lumpkin, 2003) are paradoxical to entrepreneurial orientations such as autonomy, innovativeness, proactiveness, risk-taking, and competitive aggressiveness (Lumpkin and Dess, 1996); however, Zellweger et al. (2012b) – being involved in the STEP (Successful Transgenerational Entrepreneurship Practices) research project - urged combining these two main paradoxical dimensions to become ambidextrous in managing them to ensure the longevity of family enterprises. Furthermore, researchers are also encouraged to continually explore transgenerational value creation of family businesses across cultures due to the different meanings in the family context (Zellweger et al., 2012b).

Motivations of Family Business

With the family business, the visibility of the family, transgenerational sustainability intentions and self-enhancement capability of the firm for the family- these three factors contribute to the family's concern for organisational reputation, which in turn contributes to the pursuance of nonfamily-centred and nonfinancial goals (Zellweger et al., 2012a). In general, family businesses are formed due to financial and nonfinancial goals. Financial goals are to have better income and tax relief. On the other hand, the nonfinancial goals are independence, pride, and reputation. These nonfinancial goals are further motivated by entrepreneurial family tradition, social status in the community, and harmony among family members (Zellweger and Nason, 2008) that lead to the consideration of socioemotional wealth (SEW), that could affect the relationship between incumbents and successors contextually in the Chinese-Indonesian settings.

As referred by Hauck et al. (2016), socioemotional wealth (SEW) plays a significant role in the family business decision-making process from the non-economic affective endowments perspective. SEW is explained by Gómez-Mejía et al. (2007) as the affective endowments that enable intimacy between family members, identification of status in the societies, and meeting the family’s expectations. It could be stated that SEW is a key concept in family
firms because nonfamily stakeholders do not possess SEW and thus not taking it to considerations in decision makings (Berrone et al., 2012). Even though SEW could be measured indirectly by family ownership (Berrone et al., 2012; Miller and Breton-Miller, 2014), Hauck and Prügl (2015) argued that the heterogeneity of family firms could not be limited to the dimensional measurement of family ownership and management. Berrone et al. (2012) introduced SEW in five dimensions called FIBER: Family control and influence (F), Identification of family members with the firm (I), Binding social ties (B), Emotional attachment of family members (E), Renewal of family bonds to the firm through dynastic succession (R). The (F) is a definite presence in family businesses, while the remaining four dimensions would be mentioned in the discussion findings of this study. It is noteworthy to recognise that by failing to transfer these intangible nonfinancial aspects to the next generation, conflicts might sequentially drag down the family business (Fan, 2013), causing a more stressful environment for both incumbents and successors.

Factors Shaping Entrepreneurial Characteristics and Careers

In the social, cultural, historical, and economic context, one of driving forces that motivates a family to start a new enterprise is the society and environment that support the development of authoritarian personality. Another driving force is family poverty (Dyer Jr and Handler, 1994). Significant family responsibilities and entrepreneurial opportunities at a young age, according to Dalton and Holdaway (1989), form the entrepreneurial careers, and in some cases, a necessity to help their families financially. Entrepreneurial personality indicates a crucial role that is developed based on the entrepreneur’s family background (Dyer Jr and Handler, 1994). Parents' provision of a nurturing, supportive while at the same time challenging environment at home develop entrepreneurial children to have a high need for achievement (McClelland, 1965). Thus parental role models encourage entrepreneurial behaviours. Parents’ encouragement and influence to help their children develop their skills, values, confidence, and learn to accept responsibility contribute to the entrepreneurial career (Dyer Jr and Handler, 1994). Benedict (1968) underlined the importance of family-based kinship networks as a critical resource for entrepreneurs particularly in emerging and less stable economies; thus there is the tendency for insider succession although the characteristics and practices can be different in various countries and economies (Panjwani et al., 2008).

Family Business Strategic Leadership
Strategic leadership is required in family businesses to anticipate the turbulence that firms are going to experience in the future. Drucker et al. (1997, p. 4) claimed that it is futile to foresee the future, but it is still “possible—and fruitful—to identify major events that have already happened, irrevocably, and that will have predictable effects in the next decade or two. It is possible, in other words, to identify and prepare for the future that has already happened.” Ireland and Hitt (1999) defined a strategic leader as someone who can have a long-term vision for transitioning and manoeuvring the organisation steadily towards competitive advantages, and this may also require networking with others to enter a new era of the competitive environment. Thus, it is essential for a family firm to have strategic leadership – the incumbent’s role - that is unique and different from others. Nagle (1995) described a successful strategic leadership as elevating teams to attain success together. Ireland and Hitt (1999, p. 47-52) further described six components of strategic leadership: “Determining the firm's purpose and mission, exploiting and maintaining core competencies, developing human capital, sustaining an effective organisational culture, emphasising ethical practices, and establishing balanced organisational controls.”

Succession Process

Succession process involves many factors and activities that contribute to transgenerational entrepreneurship. Jaskiewicz (2015) described succession as processes and family characteristics that develop the effective transfer of the legacy of the family firm. Lansberg (1988) indicated that stakeholders such as the founder, the family, the managers, the shareholders, and those in the environment are impacted directly by the succession process, and they could conspire against the process. In order to prevent this from occurring, it would not be wise even to apply the western modern strategic tools to manage succession in the Chinese context (Fan, 2013). Furthermore, in the Chinese-Indonesian context, they cannot be regarded as a homogenous cultural group (Suryadinata, 2004; Zhang and Ma, 2009).

Therefore, the nurturing phenomenon of transgenerational entrepreneurship has to be explored further. Table 1 exhibits a number of literature relating to family businesses in Indonesia, but the closest ones alluding to Chinese-Indonesian family firms are in the two articles by Karsono and Suprapto (2015) and Koning (2007). Karsono and Suprapto (2015) pointed out the factors that contribute to the downfall of Chinese-Indonesian businesses in East Java island of Indonesia. Koning (2007), on the other hand, focused on the cultures of Chinese-Indonesians and their business practices. There are no nurturing directives denoted...
in both of their articles, hence compelling the essential to pursue this research.

Transgenerational entrepreneurship also requires multi-staged approaches over an extended period, even before the successors enter the business (Handler, 1994). Jaskiewicz (2015) addressed the succession process in three partial research streams: entrepreneurship, succession, and imprinting theory. Transgenerational entrepreneurship takes into account the factor of entrepreneurship that requires the element of family's unity as mentioned by Eddleston et al. (2012) that this family-firm unity invigorates governance empowerment among family members and adaptive harmony in the long-term. Besides, the family firm's organisational culture is a tight-knit network composed of embraced values and notions that generate resources which could be hardly replicated by other family firms (Zahra et al., 2004).

Imprinting began from the studies of animals in 1873 by a British biologist, Douglas Spalding (1873[1902], p. 134) by defining it a behaviour that “stamped in their nature” after an early stage experience. Then a German biologist, Heinroth (1911), and his disciple, Konrad Lorenz, made further research on the phenomenon in the 1930s and officially calling the process as the imprinting process. Basing on the studies by Lorenz (1937), Marquis and Tilcsik (2013) signified the effects of the imprinting process early in an animal’s life is pivotal in its succeeding lifespan despite the exposure to other objects when the animal had been separated from the original object. Jaskiewicz et al. (2015) stated that imprinting theory enables an individual and organisation to sustain in the middle and after the surroundings have changed. However, imprinting can also cause structural inertia in the midst of dynamic environments (Hannan & Freeman, 1984). Geroski (2007) described imprinting as a double-edged sword: When a new firm is established, the set-up has to be proper with a solid foundation for long-term sustainability, but in the time ahead, the set up may inhibit the appropriate improvement when required for adaptations. Thus, it is crucial for the incumbent to set the succession process early in the favourable conditions to establish ideal imprinting of the successor, and yet be iconoclastic.
According to Habbershon et al. (2010), the result of transgenerational entrepreneurship or post-succession is the creation of new streams of entrepreneurial, financial, and social values across generations. At this stage, the successor must have the adaptability to manage potential family work conflicts and enhance autonomy, proactiveness, and innovativeness of the family enterprise (Nordqvist and Zellweger, 2010; Zellweger et al., 2012b). An entrepreneur's mindset motivates entrepreneurial activities of managing resources and capabilities that drive towards competitive advantage. Hence developing this mindset developed upon the cultural background of the entrepreneur is crucial.

**METHODOLOGY**

This study had proceeded for about 15 months. The researchers chose an interpretative approach whereby 25 participants were selected through purposive and opportunistic samplings and then conducted semi-structured interviews and field note-takings respectively to incorporate theory building (Glaser and Strauss, 1967; Miles et al., 2014). The 25 participants can be categorised into three groups (Table 2): (1) Experts, (2) Family Business (FB) Cases, and (3) Focus Group Discussions (FGD). Regarding the experts, there are 5 participants; in FB cases, there are 18 participants; in FGD, there are 2 participants from academia. Each participant in Experts category and FB Cases category were carefully selected based on his/her Chinese-Indonesian background and trusted relationships (sinyong & guanxi) with the first author, in order to share explicitly and provide valid and reliable data. Fostering sinyong and guanxi (trusted relationships) in Chinese culture is essential for information sharing (Efferin and Hopper, 2007; Susanto and Susanto, 2013) and especially in business (Koning, 2007). In FGD, the academicians were not selected based on their Chinese-Indonesian backgrounds but instead on their theoretical knowledge. The research protocol is shown in Fig. 2.

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**Insert Figure 2 here**

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This qualitative study assumed multi-method triangulation design of the following research methods: (1) semi-structured in-depth interviews with experts, (2) semi-structured in-depth interviews with incumbents and successors of Chinese-Indonesian FB cases, (3) a focus group discussion (FGD) with academicians, (4) field notes from conversations and
observations during engagement with participants outside interview sessions, as well as (5) literature reviews. A set of interview questions based on previous literature reviews (e.g. Jaskiewicz et al., 2015; Susanto and Susanto, 2013; Zellweger et al., 2012b) had been prepared for the semi-structured interviews and the focus group discussion. Zellweger et al. (2012b) bring insights into certain components of transgenerational entrepreneurship, Susanto and Susanto (2013) present an overall picture of Chinese cultures especially in business management, while Jaskiewicz et al. (2015) provide a broad categorical framework for entrepreneurial legacy.

Subsequently, the researchers were able to list some interview questions. i.e. Inquiry to Experts and FGD: How do Chinese parents transfer their values to their children, so that they are willing and ready to continue the family businesses? What are their planning or strategies to ensure successful succession? i.e. Inquiry Experts to Incumbents: How do you nurture him/her? i.e. Educating-(Helping out since young? Overseas Education? Purposes? Helpful?), Bridging-(Any Collaborations?), Transitioning-(Ownership, Control, & Resources?) To what extent would the current sentiment towards the Chinese affect the business? i.e. Inquiry to Successors: Are you willing to inherit the family business? Why? How do you prepare yourself to take over the business from your father/mother? It took about 45-60 minutes for each in-depth interview. By inquiring with the interview questions, the researchers bear in mind that a Chinese-Indonesian family business may not be limited to only one particular business, and their cultures of frugality and diligence lead them to save for contingency. In the context of this study, Chinese Indonesians may also have their definitions of legacy and longevity.

Insert Table 2 here

In FB Cases category, at least 2 participants in each case – the incumbent and successor – are approached individually for an in-depth interview. The cases are chosen based on the following criteria: (i) Chinese-Indonesian family SMEs, (ii) The family firm is located in a particularised region where the population of Chinese-Indonesians is dominant in Indonesia, (iii) The successors are already assisting the incumbents. The first author will have to make appointments with the participants and travel to specified locations such as Jakarta, ...
Tangerang, Depok, Surabaya, and Pontianak to visit their business operations so that interviews and primary observations can be accessed. Nevertheless, it is a challenge especially with the Chinese tradition of keeping secretive measures (e.g. Chand et al., 2012) and not letting family shames spread abroad in public (jiā chǒu bù kě wài chuán – Chinese idiom). Also, through opportunistic sampling, the direct family members (e.g. spouse of incumbents and siblings of successors) and a close family associate like in Case MTA, would be drawn into short conversations when the occasion arrived. Next, the data collection process proceeded with a multi-method design using in-depth interviews, field notes, direct observations, and FGD intends to strengthen the triangulation process by ensuring the data is valid and reliable.

After data collection had been conducted, the researcher proceeded with organising the data categorically and chronologically, as well as repeatedly reviewing with continuous coding as directed by Creswell (2013). Each transcript from in-depth interviews and FGD took about 5-6 hours to code. The first author had to be the one coding the transcripts as induction of latent variables and categorisations are based on interpretative approach. The types of coding used: initial, focused, and theoretical (Charmaz, 2014). Throughout, the whole coding process involves memo writing, diagramming (mind-mapping), and comparative analysis. Memo-ing was useful especially when interviewing with participants trigger emerging concepts in the discussions; particular discussions among the researchers took place during incident-to-incident comparisons and incident-to-conceptualisation of incidents comparisons.

Diagramming was most challenging during the discussions to put “Mentoring from Family/Non-Family” under “Strategic Education or “Entrepreneurial Bridging”, but mentoring requires immense affective attributes (SEW) bridged between incumbents and successors. Literature reviews support the conceptualisation under "Strategic Transition" such as "Governance" and "Ownership". Further research on "Governance" was pursued as a family business involves family governance to attain harmony among the family members. At the last phase of the theory building after the propositions had been constructed, the researchers checked to distinguish the individual, family, and firm perspective level. “Contingency Plan”, “Governance”, and “Ownership” are considered to be family and/or firm related strategies, while the remaining concepts are individual initiatives that could be engaged distinctively by incumbents.
FINDINGS AND DISCUSSIONS

As the theory of transgenerational entrepreneurship of Chinese-Indonesians is developed in this research, the evolving entrepreneurial mindsets of both the incumbents and successors might also be identified as they are born and grew up in Indonesia, not originally from China. Transgenerational entrepreneurship is defined as the continuous creation of autonomy, innovativeness, and proactiveness that extend through generations in family firms (Chirico and Nordqvist, 2010; Zellweger et al., 2012b), and this mindset refers to a person or a group of people in pursuing entrepreneurial activities. This study is pivoting considerably on the personal and inter-personal factor of incumbents in nurturing successors to sustain the businesses through the entrepreneurial legacy that create wealth and impact the societies across generations while alluding to the family-level and firm-level study denoted through contingency plan, governance, and ownership in the strategic transition process.

Proposition 1: Recognizing and nurturing the passion of successors is the driving force behind their willingness and commitment to develop and undertake the future leadership role in the family firm.

The role of incumbents change from being an entrepreneur to become an “entrepreneur-mentor”, and this requires incumbents to be competent in recognising the passions of their successors and determine whether they are aligned with the family businesses. When successors can discover their passions and align it with their talents, they will create economic values and build great companies (Collins, 2001) for the families.

*When pointing at the truth, there lay three concepts: “Profit Driven”, “Passion Driven” and “Purpose Driven”. [...] however as mentioned before they ignore the real ‘passion’ that lies in their children, thus, unfortunately, leading to non-optimal performance (Expert, P3).*

*It is all right. It is a pity not to be continued. But the key is the passion. If no passion, then...finished. [...] Passion...of the related children, and this cannot be forced...but there is a possibility when the child does not want to be in the business, I want to have my own, to do my own, you cannot force [the successor] (FGD, P24).*
The initiative of learning about the family business has to come from successors. If successors are passion-driven, they will have self-motivation to make inquiries about the specific business aspects of its internal and external environments. The passion of successors can emerge from different situations but with intrinsic motivation: to pass on the incumbent’s legacy to the next generation. For instance, in FB Case #2, the eldest daughter want the business to be known as the father’s legacy and not her brother’s, who is in line to succeed.

In another FB Case #3, the younger daughter — successor — has to be at the helm of the business as the incumbent whom she adored greatly, passed away during the intra-leadership transition. This phenomenon of female successors exhibiting a passionate attitude towards entrepreneurial legacy can be further explored. Male successors exhibit the passion for taking charge but acknowledge “entitlement” as the role to sustain the entrepreneurial legacy; concerning SEW, the role Family influence (F), Identification of being part of the family (I), and Emotions attached to the incumbent are prominent. On the other hand, the Renewal of family bonds to the firm through dynastic succession (R) is obligatory in incumbent’s perspectives. As such, the researchers recognise the downside of choosing successors based on “entitlement” rather than capability. Nevertheless, the successors in this study are passionate about what they are doing such as trading, repairing machinery, and communicating with stakeholders:

He is keen on communication. His eldest sister is keen on calculation. His middle sister [...]. So if these three siblings were to join forces, they would excel (FB Case #2, Incumbent, P9).

[...], I like selling (FB Case #3, Successor, P13).

Yes, the passion gradually increases because you get to know your employees, and how the challenges you face, so far it has built my passion (FB Case #4, Successor, P16).

For me, I like anything that I can do, especially if there’re goods then I can sell it. [...]. I am a type of person who likes to learn. Moreover, doing business is my hobby (FB Case #5, Successor, P19).

**Proposition 2: Pursuing formal education of successors enhances their entrepreneurial capabilities.**

Education can be sub-categorised into three types: formal, informal, and non-formal (Wahjono et al., 2014). Formal education is the context in which this proposition is
discussed, while informal education is elaborated in proposition 3 (childhood involvement).

Non-formal education is an organised system outside the formal education such as seminars, training or short topical courses. In this study, the researchers found Chinese-Indonesians in general regard formal education in high esteem for it can be considered as a status or pride or if children are sent to study overseas, for networking (for daughters in particular) or learning to speak and write Mandarin. Most Chinese-Indonesian parents equate formal education as a path to become prosperous, either by continuing the family business or working for a big corporation (Karsono and Suprapto, 2015). The bottom line is it offers a greater sense of accomplishment for incumbents if the children can achieve higher formal education than them.

Usually, wealthy people feel getting an education from overseas is better but without knowing why [...]. Yeah, and to have more networks. [...] Usually to build networks and look for a soul mate especially for their daughters (Expert, P1).

The point is, we are not smart, so we want to make our children smart. We keep praying. In my childhood, I did not have that opportunity, but at this time God gave them... (FB Case #4, Incumbent, P15).

Parents have a Bachelor's degree; you need to have a Master's degree, and if it is necessary, doctorate (FB Case #5, Successor, P19).

**Proposition 3: Encouraging successors’ childhood involvement in the business enhances their entrepreneurial capabilities.**

Early childhood events tend to be the catalyst that underpins adult behaviour during the succession process. Davis and Harveston (2001), Ensley and Pearson (2005), Smith *et al.* (1994), and Stewart (2003) discovered that the experiences that successors shared with general family can hardly be separated from family business due to the successor’s perspectives being influenced by the memory and residue from these experiences. Positive early childhood experiences in the family business can have a mitigating effect on conflicts and facilitate a cohesive environment between the family and business (Habbershon *et al.*, 2003; Klimoski and Mohammed, 1994). Expert, P4 and FGD, P24 & P25 emphasised more the significance of childhood involvement in facilitating succession transition.

*The broader issue is that parents should start involving their children start from their early ages (FGD, P24).*
[...] I think basically what we stick to is getting them to be independent early on... (Expert #4).

(Successor’s) strength ever since he was young was in communication. His communication skill is excellent. So even when he was still in primary school, he was able to communicate with adults, and even with younger individuals. He could communicate with security guards, the President – I took him with me to Cipinas, I took him along to my meetings with the directors of banks. So he can communicate with friends, business partners, youngsters, etc. (FB Case #2, Incumbent, P9).

Notwithstanding the notion that childhood involvement is crucial for succession, mere imprinting the family’s traditions do not motivate family’s entrepreneurial spirit into the successor, but imprinting the family’s entrepreneurial legacy (Jaskiewicz et al., 2015) together with the essence of the family’s cultural values or traditions, precipitate successors to the next family generational entrepreneurship. There is significant dissemination when incumbents acquaint successors with entrepreneurship before they reach 16 of age (Sørensen, 2007).

**Proposition 4: Imprinting cultural values on successors influence their mindsets and decision-making.**

Cultural values that shape the family values to become one of the most significant resources in managing the family business. "It would be unrealistic to believe that the culture of any given country does not affect the succession planning of family firms. In fact, it is the strongest influence over the firm's decisions in this process" (Bennedsen, 2015, para. 3). Chinese-Indonesians, even though they are "Peranakan" (mixed by marriages), are still pretty much influenced by the Chinese cultures (Tan, 2002), and this phenomenon induces the competitive distinctiveness of their family businesses that have to be imprinted to the successors. Expert #2 explained how the family is kept reminded of the ancestor as an icon of diligence and tenacity in the business strive. Storytelling of the ancestor’s past experiences in his failings and successes invigorate the "familiness" or Family influence (F), the Identification of family member (I), and Emotions of cohesion (E). Dining table could become the source of sharing life values and experiences, and also business information (P4).

[...] the European countries, why the family business in Italy can sustain longer? Actually because of the social culture itself (Expert, P1).
We are not violating the laws of nature. This is how the law of nature works. If we were to run a business that violates the law of nature, we would not survive (FB Case #2, Incumbent, P9).

Like I was saying, Papa’s tradition is patience when facing the consumers. Papa’s diligence, I always .... (FB Case #3, Successor, P13).

Yes, if you work for other people, it is difficult to become rich. (FB Case #4, Incumbent, P15).

Do not give up easily, for instance, we already had something, and we were still not lavish. [...] Some people wasted their money when they just started a business. (FB Case #5, Incumbent, P18).

The family history that forms the cultural values of the family is impossible to be separated from that of a business, which sequentially impacts the succession (Davis and Harveston, 2001; Ensley and Pearson, 2005; Smith et al., 1994; Stewart, 2003). Thus the Chinese-Indonesian cultural values that are generally imprinted from the incumbents to the successors can be listed as follows: integrity, diligence, frugality, and entrepreneurialism. The incumbent in FB Case #6 further asserts the following:

If we are talking about family culture to be applied into business... if the family culture is from a broken home, and it gets into the company, it will be messed up...because inside a broken home, there are so many problems. If the culture gets into the company, it could cause bankruptcy (P21).

**Proposition 5:** Constant mentoring of successors by family or key non-family members can enhance successors’ capabilities.
Mentoring has to become a regular nurturing process for successors and ought to be initiated by incumbents to develop successors’ capabilities. Jaskiewicz et al. (2014, p. 2) put mentoring under “entrepreneurial bridging” where incumbents and successors work “side-by-side and give the younger generation to apply their strategic education.” The incumbent-successor relationship operates as a means to lay the foundation for an effective mentorship program which unique family business knowledge can be transferred (Cabrera-Suárez et al., 2001). In the second visit to FB Case #2 site, while exchanging views with the incumbent about mentoring process, idiosyncrasy emerged: Incumbent had unintentionally positioned his brother and sister who are about ten years younger than him, to be mentors for his three children, and they are always involved in family council meetings. By bridging the age gap between the incumbent and his children, the successor's uncle plays a significant role in the mentoring task.

The concept of “Mentoring” is essential to the succession process, and it requires emotional attachment (E) between the incumbent-successor as shown in SEW. The role of the incumbent in this process is crucial and yet challenging, as it requires a substantial amount of time and emotions. The researchers perceived FB Case #2 as the most potential to nurture the succession process due to the expedient strategy of mentoring that underpins the entrepreneurial bridging and transition. FB Case #3 introduced a consultant who is the mentor of the incumbent, but the age gap between the mentor and the successor does not provide a synergic bond. The researchers recommend Chinese-Indonesian family businesses assign a mentor whose age lies between the incumbent and successor. Furthermore, the preferable family member such as Uncle or Aunt is notional as overseas Chinese firms are known to opt for Chinese as associates than strangers (Dieleman, 2010).

Proposition 6a (Trust in Autonomy): Testing successors with tasks to examine their abilities to solve the issues. This proposition allows incumbents to put more confidence in successors and simultaneously reaffirm the passions of successors.
This phenomenon in the Chinese-Indonesian family SMEs is hardly noticeable because incumbents are usually concealing their motives to test the successors to trust them more when they pass the hurdles. According to Expert P4, successors in the third generation have more to lose in regards to reputation compared to successors in the second generation, but he encourages incumbents to prepare successors to first manage a spin-off company or a firm of a smaller scale to test their performances. Testing the successors provides training grounds for them to adjust their attitudes and management skills.

In some cases, incumbents prefer to assign small to medium task or project for their children to accomplish, instead of constantly directing them (Expert P3).

**FGD**

**Interviewer:** Can the Godfather intentionally test to see what are the children’s real passions?

**JTP (P25):** Give them toys.

**Prof. (P24):** Yes, give them toys.

[…] I gave him my unskilled workers by means to help him earn new experience and learn about the business better. During the process, he became very ambitious, and after that, the increased profits encouraged him (FB Case #1, Incumbent, P6).

I think so, every time I am angry with them (employees), they will change. However, I am trying to change my approach, to the more polite approach. Call them one by one, ask why this incident occurred, the problem... (FB Case #5, Successor, P19).

We start handling [successor] specific task, and we can see whether he can handle it or not and what methods do he used. Whether he used power or knowledge or love to handle a problem, and you can see what method he is using (FB Case #6, Incumbent, P21).

Emotional attachment (E) plays a significant role in this proposition as incumbents have to measurably "let go" of the successors into the field of experiments. Observing and guiding are two critical activities of incumbents, but they must still allow the successors to make decisions on their own. Thus, this leads to the next Proposition 6b.

**Proposition 6b (Trust in Autonomy):** Allowing successors to make mistakes at calculated risk.
Trust in autonomy includes allowing successors to commit calculated mistakes. The researchers induced this proposition by examining the pattern analysis of the in-depth interviews. As much as it is more direct with the Experts and FGD’s responses, on the other hand, more scrutiny had to be focused in the FB cases on how incumbents handle the occurrences of mistakes and manage the successors to progress forward. In analysing the FB cases, incumbents may not admit that they open-heartedly allow successors to make mistakes; moreover, they naturally started blaming successors when they did not perform. This phenomenon seems to strain the relationship between incumbents and successors and discourage successors to be risk-takers and innovative.

Many parents believe that “failure” is a huge mistake and a factor of ignorance. Very few possess the paradigm of ‘failure’ to be treated as a lesson (Expert, P3).

So that is okay. You need to tell them which roads are clear and which roads are dangerous – e.g. there’s a cliff on the edge. The child most probably wouldn’t believe you, but if there really is a cliff on the edge, you had better accompany the child. The child can fall, as long as he/she does not break a bone (FB Case #2, Incumbent, P9).

Oh, before he does anything, he has to ask first. Ask on everything (FB Case #4, Incumbent, P15).

However, children sometimes... they consider themselves smarter, they have more knowledge about this. So I am just watching, you do it your way and when you get ‘hit’, then you shall know. If we told him, "Don't do it, you would get into trouble...." I am not sure he could accept it. So yeah... (FB Case #5, Incumbent, P18).

The most strategic move for this proposition can be found in FB Case #6. According to a family friend (P23), the incumbent (P21) intentionally stationed his successor (P22) into a smaller branch office, so that he has rooms to make mistakes. If the successor were to make mistakes in the main office, any mistake could be a spotlight subsequently putting more pressure on him.

Proposition 7: Role-modelling through actions for successors to follow.

According to Lindquist et al. (2015, p. 2), “having an entrepreneur for a parent increases the probability that own-birth children become entrepreneurs by 60%”, and this is transferred through role modelling with an additional finding, that the transfer of entrepreneurship from
fathers to sons or mothers to daughters is stronger compared to relationships of different
genders. This finding is underpinned by the overview study of strong ties (McPherson et al.,
2001; Ruef et al., 2003), and as proposed by Marquis and Tilcsik (2013) in the succession
process of imprinting that it is pivotal to commence early to sustain the intangible values
being transferred.

You cannot tell the people: you must do this...this...this. But you yourself are not doing it.
The children will see through it (Expert P4).

Role modelling is from the parent...that is why many family businesses fall in line with the
destruction of the families (FGD, P24).

Why I idolise Papa so much? Because my Papa is diligent. I have never seen one man who is
as diligent as my Papa (FB Case #3, Successor, P13).

So at this point, it is not for me to debate with my children. I give them an example that is
logical, reasonable and that does not violate the law of nature. For example, let's not have a
fancy lifestyle before we earn a living. We need to earn a living before having a fancy
lifestyle. So that principle is what I have implemented on my children ever since they are
young (FB Case #2, Incumbent, P9).

Because the idea does not come up. Smart people look for solutions. Stupid people look for
excuses. [...] “Ask Mom”, then Mom’s excuse is “Ask Dad”. Always looking for excuses,
[...] (FB Case #5, Successor, P19).

**Proposition 8: Preparing own (incumbents’) retirement activities.**

Strategic leadership planning and practices can lead to competitive advantage (Ireland and
Hitt, 1999); however, the implementation may not be as simple when applied directly to the
incumbents. Succession can be illustrated as a symmetrical image of retirement, and
incumbents could “resist fading into the background” (Conway et al. 2017, p. 70) and
"retains a significant role in the organization post-succession”, and this scenario is called
“generational shadow” (Davis and Haverton, 1999, p. 320). In this study, one of the experts
in FGD mentioned about preparing a new “baby” or toy for the incumbents to fade away
from the main business, while the incumbents in FB Case #2 and #3 had shown evidence of
pulling away into the backgrounds and find their toys such as fitness training, and handling
another small shop respectively. The deceased incumbent in FB Case #3 had been the sole
individual who intentionally set a retirement activity for his spouse, while the incumbent in
FB Case #2 understands the concept of fading away from the main business but still striving for the right cause.

*Let's look at (KF Pharma Company). That was his baby. What did he do? He is a researcher in the pharmaceutical, so he created a lab, and the result of his research is submitted to KF Pharma Company (FGD, P24).*

FB Case #1:

Based on the conversation with Successor, Incumbent may say that he has released the control of the company to Son, but in reality, he has not. e.g. Incumbent has told Son that he is in charge, but when a particular employee's discipline issue occurs, Incumbent becomes lenient and overturns Successor's decision.

FB Case #4, Successor, P16:

*A: [...] there’s this force from above me, which is my dad.*

*Q: So yeah, I hope, that is always the case in family businesses. However, the good thing is your dad does not come here every day right? He does not have to come here everyday right? A: Whoa, when he comes here then its bad. (laugh)*

**Proposition 9: Organizing a contingency plan to protect the family's wealth to safeguard against political and economic instability in the country.**

In the historical background of the Chinese-Indonesian discriminating issue, the researchers found a phenomenon of Chinese Indonesians being the primary targets, and one incident that impacted the incumbents the most was the uprising during the 1998 political and economic crisis (Refugee Review Tribunal (RRT), 2008). This phenomenon was almost slightly repeated during the most recent blasphemy case in November 2016 against Jakarta (capital city) Governor Basuki T. Purnama who is a Chinese-Indonesian. Dieleman (2010, p. 481) revealed a notion of “shock-imprinting” strategies for corporations, but in this research, the researchers called it "contingency" strategies for SMEs. The main difference is SMEs might not have the resources and capabilities to absorb the shocking risks like corporations and alternatively strategise backup plans, or "contingency" plans to manoeuvre any similar crisis or non-linear change.

*Very subjective to say that family businesses plan to expand overseas as they still focus their businesses in Indonesia, but surely they have savings outside the country (P1).*
We have to be conservative...we had bank deposits. We had properties...in Tanjung Pinang, in Batam (FB Case #4, Incumbent, P15).

We have businesses in Bali, Surabaya, Jakarta, Makassar, Central Java (FB Case #2, Incumbent, P9).

There is often recurring trade-offs between entrepreneurial activities and defensive activities such as preserving wealth or reallocating wealth geographically instead of investing further in developing the family business, as family owners found the legal and financial systems in emerging economies to be inefficient (Carney, 2007). Successors also seem to be cautious but less concerned about “contingency” plan as they absorb lesser traumatic shock than incumbents.

Of course yes, we always put ourselves in worst-case scenarios, especially after the incident in 1998. Sadly, this could happen in the future, as we never know the stability of the country (FB Case #6, Successor, P22).

FB Case #5, Successor, P19:

Q: But you do not worry about the political situation in Indonesia?
A: I do not worry about it, but every time I eat in “warung” (food stall) there is still a lot of babbles, calling you “Chinese” or “Christian.”

Q: Really?
A: Yes.

Q: They talk to you like that?
A: There’re many people there.

Q: Those who ate there?
A: Those who ate there, they talked about me. Until I said, “Eh, bro. I know I am Chinese, I am Christian, I do not have any problems with the “warung’s” (food stall) owner, why do you have to pick on me?”

Proposition 10a (Governance): Setting family governance facilitates trust and harmony within the family that solidifies the establishment of Successor’s “new era”.

As shown in Table 4 bottom section under “Inducing Concepts”, family governance strengthens the ties between family and business, as well as the relationship between family members (Suess, 2014). In this study, researchers found that Chinese-Indonesians SMEs tend not to have their family governance inscribed but rather through verbal and actions as
evinced in Table 2: FB Case #1 under “Family Governance”. Nonetheless, the primary purpose of family governance is to promote harmony and trust in the family (Fan, 2013). Some researchers evaluated family unity by identifying whether there are advisory boards or family meetings found in the management practices (Poza and Daughtery, 2014).

The child will continue the business, but when the “Godfather” (Incumbent) was about to pass away, there was a value that was implanted into the children. "I am old and sick, so don’t let me find out that you fight because of inheritance. Or else I will curse you from my tomb!" (FGD, P25).

I would like to be a “Nasi Rawon” (food) that tastes just right. I do not want to be the most successful, greatest person, but with a broken personal life. I do not want to be the healthiest person with no job. I do not want to be the richest person who forgets all things important. I would like to be a "Fried Rice" that tastes just right (FB Case #2, Incumbent, 9).

Papa only taught me how to be patient. Only patience. That is it. Patience (FB Case #3, Successor, P13)

[...] that is it. The key is there, patience (FB Case #3, Successor’s brother, P14)

Family governance mechanism that includes a family council or family meeting is beneficial to transgenerational entrepreneurship as communication and emotional connection are reinforced as successors plan towards establishing his next generation enterprises (Labaki, 2011).

Proposition 10b (Governance): Setting firm governance mitigates family and firm complexities so that Successor can promptly initiate the family business forward.

As studies undertaken by Chen et al. (2006) based on the Chinese private entrepreneurs in China, firm governance – setting organisational structure and management style - has become a challenging task to implement within the organisation. Especially in family SMEs, it is a common ground for interlocked personal ties to influence the relational and informal governance mechanisms (Pieper et al., 2008; Silva et al., 2006). However, if the family SMEs are controlled by active family management, more likely the firms tend to perform positively (Chu, 2009). In the FGD of this study, one of the experts explicated the equation to minimise structural risk in family business. He explained that structural development (family and firm governance) mitigates the two complexities: family and business
complexities. Thus, incumbents and successors must have the self-discipline to first commit to the firm governance before expecting others in the family firm to comply.

*A family business is challenging: the family circle, business circle, and ownership circle. The question is, which of the circle is the largest? If the family is the biggest, it is called family first then business. I am not surprised if the money is all there like the question you asked. It could also happen that the business circle is the largest: business first, so children must be treated like all professionals, the recruitment, and the salaries (Prof., FGD, P24).*

The following illustration from FB Case #4 exhibits the lack of firm governance and the effect of discouragement to Successor and confusion among employees:

*They are supportive actually. They are supportive of all the things I want to change in the company. But their support is kind of in the grey area. They say they support me, but when the things I changed started to work, they complained. Even worse, they did not complain directly to me; instead they complained to the managers, and of course, the managers support them (FB Case #4, Successor, 16).*

**Proposition 11: Administering ownership distribution instigates the sense of belonging of Successor to the family business.**

Distributing ownership to family members or even key non-family members could be utilised to enhance their relationship to the business (Suess, 2014), but to a limited extent in regards to manifesting trust and harmony within the family. In other words, stock ownership is limited to resolving family conflicts.

*The family has three meetings to handle the issues, but there is also that have an equal stock but still have a problem... (Expert, P1).*

Nonetheless, several studies had emphasised the significance of allocating ownership by affirming that “the economic and affective values derived from family ownership may influence decision-making in family firms.” (Hauck et al., 2016, p. 134) The researchers also found Chinese-Indonesian incumbents have set certain divisions of the business or subsidiaries to a successor and his or her siblings to extenuate any possible conflicts among the children. For the most part, the successor is assigned to oversee the whole divisions or subsidiaries of the business, while focusing on his/her own assigned by the incumbent.
The governance and the succession are essential, and how the Godfather (Incumbent) appoints the successor at an early stage and arranges all these...from the beginning.... Yes, cannot be last minute in a sudden...the rules of the game to manage the family must be clear, the business, the ownership must be clear (Prof., FGD, P24).

(Successor) holds the tires, while (Successor’s brother) holds the repair workshop....” (FB Case #3, Deceased Incumbent’s Spouse, P12)

I have a logistic. I can prepare it for (Successor). I have properties. I want to prepare it for (Eldest Daughter). I want to make a holding company. I want to give it to (Second Daughter). I had already prepared it all. But they are not ready.” (FB Case #4, Incumbent, P15)

The consequence of vague ownership plan is illustrated in FB Case #5 when the successor expressed his opinion on the family succession plan:

I have thoughts like that. However, I think the legacy will not survive long enough. I need to make one more business, which is outside my parent's legacy. So let (YTA) belong to the family, it is well managed and has excellent management then I will launch one more product, the second (YTA), which belongs to me (FB Case #5, Successor, P19).

CONCLUSION

This research provides a comprehensive insight into transgenerational entrepreneurship in Chinese-Indonesian family SMEs focusing on the individual and interpersonal levels, along with firm level such as governance and ownership. Incumbents' mindsets are vital to the sustainability of family firms, and the most challenging process is evolving their entrepreneurial roles to become mentoring roles for their successors. This research believes that its theory can be notably used as a comprehensive guide for incumbents in Chinese-Indonesian family SMEs, as they strive to pass the baton to the next generation. Finally, in developing the theory of transgenerational entrepreneurship, further studies into the role of genders and multi-cultural ethnic Chinese clusters such as Hokkien, Teochew, and Hakka could provide valuable insights for the stakeholders in Chinese-Indonesian family firms.
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WORLD ECONOMIC FORUM June 27, 2016. Where are the largest Chinese population outside of China?


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**FAMILY BUSINESS CASE Category – (1st to 2nd Generation)**

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<th>Formal Interviews</th>
<th>Opportunistic Sampling</th>
<th>Participant (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P12</td>
<td>MTRO (Wife of Deceased Incumbent; Age: 60-65) <em>(Tire Store – Depok, West Java)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P13</td>
<td>MTRO (Successor: Daughter; Age: 35-40)</td>
<td>P14</td>
<td>MTRO (Elder Brother; Age: 35-40)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case #3</th>
<th>Participant (P)</th>
<th>Formal Interviews</th>
<th>Opportunistic Sampling</th>
<th>Participant (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P15</td>
<td>SLP (Incumbent: Father; Age: 60-65) <em>(Logistics – Tangerang, Banten)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P16</td>
<td>SLP (Successor: Son; Age: 20-25)</td>
<td>P17</td>
<td>SLP (Elder Sister; Age: 25-30)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case #4</th>
<th>Participant (P)</th>
<th>Formal Interviews</th>
<th>Opportunistic Sampling</th>
<th>Participant (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P18</td>
<td>YTA (Incumbent: Mother; Age: 55-60) <em>(Tire Store – West Jakarta, DKI)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P19</td>
<td>YTA (Successor: Son; Age: 25-30)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Case #6 | P20 | YTA  
(Husband of Incumbent; Age: 55-60) | P21 | MTA  
(Incumbent: Father; Age: 65-70)  
(Machine Contractor – Pontianak, Kalimantan Barat) | P23 | MTA  
(Family friend; Age: 35-40) |
|--------|-----|-----------------------------------|-----|-----------------------------------|-----|-----------------------------------|
| P22    |     | MTA  
(Successor: Son; Age: 30-35)     |     |                                   |     |                                   |

**FOCUS GROUP DISCUSSION (FGD) Category**

|     |     | BM University  
(Advisor: Male; Age: 75-80) |     | PH University  
(Associate Professor: Male; Age: 50-55) |
|-----|-----|------------------------------|-----|----------------------------------------|

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### Table 3: Exemplary evidence from Family Business Case #1 ANG, Participant #6-8
(Incumbent is Father, Successor is Son)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Summary of Key Evidence</th>
<th>Observations and Exemplary Quotes from Incumbent</th>
<th>Observations and Exemplary quotes from Successor and Siblings</th>
</tr>
</thead>
</table>
| **Successor’s Essence**  | Successor is *quite* willing to involve in the family business daily regardless of the emotional drawback after the incumbent shared and challenged him. | "Then afterward, I question if he wants to work with people or do his own business. If you want to work, your experience will be fewer than your siblings. But if in 4 years you are earning experience through doing business, you will not lose to your siblings. The reason is that your experience will be the one that makes money for you. "Good thing is that this kid has the will to learn and fight because if I do not see that fire in him, I would also be nothing." | "I just do it every day, do what needs to be done."  
"…yes it is like that, there is no one else" |
| **Strategic Education**  | Incumbent is supportive of the successor getting his Bachelor and further his study in China for learning the Mandarin language. | "For example, considering the fact that Yoga is still in high school and have choices between going to university or not. If not then, you must do business. But if you did not continue your studies, it would be your loss." | Based on observation, Successor has been encouraged to further his studies as much as he can.  
According to successor’s sister, the incumbent had always shared issues that occurred in the store: Life lessons through the tire store. |
| **Childhood Involvement** | Incumbent defines childhood involvement as not direct involvement in the business, but rather sharing experiences in the business to the successor. | "…by this opportunity, from the sharing of shared experience throughout the family."  
"The first theory is learning the theoretical base first such as information and data, the second one would be to practice. However, practicing is easier compare to stick with theory." | |
| **Entrepreneurial Bridging** | Integrity and Diligence are the two main cultural values coined in the family. | "...yes, we taught them to be honest and diligent. Furthermore, we also need to be able to keep our promises about payments. The other thing that is significant is to seek experiences and earn knowledge. Then, this particular knowledge educates us to be truthful about anything and so trust is earned. Nevertheless, trustworthiness needs to be preserved." | "…not removed, this business is pretty messy, not systematic like western (bule) businesses. This is 'Chinese' business, like in Glodok. So in using a system, it all depends on the boss. If the boss does not want change because he/she is used to the old system then it is hard to change." |
| **Mentoring**            | There is no evidence of mentoring in this case study.                                   | N/A                                                                                                           | N/A                                                                                                                           |
| **Trust in Autonomy**    | Moderate  
There is certain firm governance that Successor has not been able to alter in order to set a new culture. | "...the bridging takes place on how I passed down my knowledge to him to the position that without any experience and he needs to put some effort in. Even though he understood the theory, but without experience what he needs to find is phonebook. The phonebook | "Pressure? There’s always pressure, no way there is no pressure." |
| **Test Successor**       | a. Practice is more important than theoretical knowledge  
b. Calling companies to offer tires via the yellow page | "Pressure? There’s always pressure, no way there is no pressure." |

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contains all the numbers from all the other companies from A to Z. Then the next step is to be making calls and offering to the companies.

"...I gave him my unskilled workers by means to help him earn new experience and learn about the business better. During the process, he became very ambitious thereafter the increased profits that encouraged him."

<table>
<thead>
<tr>
<th>Allowances for Mistakes</th>
<th>Each mistake is an extra experience for Successor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&quot;Let’s say you work for 4 months, on those times you must be able to get one offering done at least but if not then you still have not had enough experiences.”</td>
</tr>
<tr>
<td></td>
<td>“What I can do is to look after him by giving advice such as to be careful not to have so much debt. If you have debt on people IDR 10 million, you have to pay the other debt IDR 20 million. You have to think about it so that really depend on (Successor) himself because if he is not being careful, I will also be a victim.”</td>
</tr>
<tr>
<td></td>
<td>Based on observation, Incumbent and Spouse always try to back up their children whenever mistakes are made. For example, one time there was over-stocking of goods ordered by the elder brother of Successor. Incumbent and Spouse did not condemn him but helped him to sell off the goods</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role-Modelling</th>
<th>Being tough in mind and attitude is imprinted on the Successor.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Based on observation, Incumbent and Spouse transfer their entrepreneurial spirit attitude to the Successor. They will always be looking out for business and investment opportunities.</td>
</tr>
<tr>
<td></td>
<td>Based on observation, there are a number of times during family dinner talk when Successor’s sister would say that Successor got his stubbornness and fiery attitude from Incumbent.</td>
</tr>
</tbody>
</table>

| Strategic Transition | a. Care for the business  
|----------------------|----------------------------------------------------------|
|                      | b. Helping one another  
|                      | c. Independent in earning money  
|                      | Through observation, each child has been given a house to be independent. Children, including Successor, tend to have the mindset of being independent and if possible, support their parents financially.  
|                      | The spouse often provides advice to her children to reconcile with Incumbent.  
|                      | Sister of incumbent explained the three of them are trained to be competitive since they were small, but at the same time, they protected one another.  
|                      | Based on observation, preserving harmony is upheld by the family in every situation. Expressions of regret are shown after tensions.  

| Firm Governance | a. Use others’ resources to gain substantial profits  
|-----------------|----------------------------------------------------------|
|                 | b. Story-telling as a medium of communication  
|                 | “…yes, we taught them to be honest and diligent. Furthermore, we also need to be able to keep our promises about the payment.”  
|                 | “What I learned is from ‘encek-encek’ (old men) is that everyone in Glodok using ‘dengkul’ (knee) style of business and the longevity of your working is really depending on your will.”  
|                 | "They were not actually teaching, but giving the explanation, sharing their personal experiences and due to this opportunity, we take full attention to the story.”  
|                 | Based on observation, attendance of employees has been checked electronically by fingerprints, roles and job descriptions have been set clearly among the employee teams. e.g. only Successor has the authority to order to suppliers and extend the network to buyers’ channels.  
|
Q: Who are the ‘encek-encek’?
A: They are the bosses in Glodok at Pasar Baru.

<table>
<thead>
<tr>
<th>Ownership</th>
<th>There is no explicit ownership allocation up to this stage.</th>
<th>N/A</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incumbent’s Retirement Activities</td>
<td>There has not been a formalized activity planned for Incumbent, but he has started to fade away from the main business. The diminishing process is still taking place and thus inconsistency in decision-making may still occur.</td>
<td>Through observation, Incumbent has been staying at home most of the time and gathering with neighbors who are at his age or spending time with relatives sharing about hobbies such as fishing.</td>
<td>Based on the conversation with Successor, Incumbent may say that he has released the control of the company to Son, but in reality, he has not. E.g. Incumbent has told Son that he is in charge, but when a particular employee's discipline issue occurs, Incumbent becomes lenient and overturns Successor's decision.</td>
</tr>
<tr>
<td>Contingency Plan</td>
<td>Plan to find a safety ground for the family besides Jakarta. Bali had been discussed during family gatherings.</td>
<td>“My plan in my 65, I can put my hands off and giving the business to (Successor), but then have to see after the government selection.”</td>
<td>N/A</td>
</tr>
</tbody>
</table>
### Table 4: Field Notes (Samples)

<table>
<thead>
<tr>
<th>Name</th>
<th>Date</th>
<th>Time-24hr (approximate)</th>
<th>Location</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family Business Case</strong>&lt;br&gt;ANG With (Successor)</td>
<td>Jan. 15, 2017</td>
<td>13.30 – 15.30</td>
<td>Kedoya, West Jakarta</td>
<td>Successor finds living in Indonesia can be getting tough and continue the business or to live out of Indonesia. He is very upset with the work ethics of Indonesian workers. (&lt;Note: Successor seems to be running a routine job in the family business and not motivated due to lack of autonomy. He is looking for more challenges&gt;)</td>
</tr>
<tr>
<td><strong>Family Business Case</strong>&lt;br&gt;ANG With (Successor)</td>
<td>February 9, 2017</td>
<td>18.00 – 18.30</td>
<td>Kedoya, West Jakarta</td>
<td>Successor finds himself in a situation where he is frustrated with the expectations that his father wants him to achieve and in reality, the decision-making control of the company to Son, but in reality, he has not. e.g. Incumbent has told Successor is in charge, but when a particular employee’s discipline issue occurs, Incumbent becomes bias and overturns Successor’s decision. According to Successor, Incumbent has not been able to keep up with the economic environments around him, and the cash flow management is traditional. e.g. Money is taken out whenever it is available without considering working capital. (&lt;Note: Incumbent has not been able to release control of the company 100%, and the attachment to it seems pretty strong. No autonomy, role-modelling, and mentoring provided&gt;)</td>
</tr>
<tr>
<td><strong>Family Business Case</strong>&lt;br&gt;BUM With (Incumbent)</td>
<td>April 5, 2017</td>
<td>12.15</td>
<td>UPH via phone</td>
<td>In returning my WA messages, Incumbent calls, and implemented based on “hukum alam” (law of nature). e.g. “padi” (wheat) first then “daun” (leaves) =&gt; Diligence first then Luxury. He also explains that the...</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Family Business Case</th>
<th>Date/Time/Location</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLP With (Eldest Daughter)</td>
<td>May 3, 2017, 11.00, UPH, Karawaci</td>
<td>Eldest Daughter explains how being the eldest, she was the first to assist her dad but later quit. Second Daughter came next and then quit as well. Now is Successor’s turn. According to Eldest Daughter, Incumbent prioritizes money more than the children, and this makes her feel uncomfortable. (Note: Lack of autonomy and mentoring resulting in the eldest and second daughter quitting from the family business; heartbroken with Incumbent)</td>
</tr>
<tr>
<td>SLP With (the whole family)</td>
<td>September 27, 2017, 17.00 – 20.00, Restaurant in Karawaci</td>
<td>Incumbent and Siblings discuss a project investment outside the main business. (Note: Contingency plan)</td>
</tr>
<tr>
<td>BUM With (Incumbent and Spouse)</td>
<td>November 30, 2017, 12.30 – 20.30, Surabaya</td>
<td>In Surabaya, the researcher first goes to Incumbent’s house to pick him up, then together have lunch in a golf club; then both go back to Incumbent’s house, then to his office, then have dinner in a restaurant with Incumbent and Spouse. -Incumbent explains his family business legacy. Even though his son is the prospect, the elder daughter is the one who is planning to set the family business legacy under Incumbent’s name. In such a way, the society will still acknowledge Incumbent’s legacy even after he is gone. -Incumbent used to mentor his elder daughter to look at problems a step at a time. “If there is a problem with the tree, don’t cut it down but kill the pests on the tree first.” Incumbent is relating this to how his elder daughter should manage her employees: “Don’t just fire, but find out beforehand what his/her problem is.” -Feeling sufficient is the main essence of life, according to Incumbent: “Rawon yang rasanya pas (that tastes just right).” -Incumbent’s spouse explains that removing the family tree trunk is going to stress out the tree. -Incumbent suggests not cutting off successor’s inputs or ideas as this will cause future conflicts. (Note: Cultural values of legacy; the presence of mentoring; need concrete retirement activities for Incumbent)</td>
</tr>
</tbody>
</table>
Research Problem:
How do the incumbents of Chinese-Indonesian family SMEs strategize to nurture their successors in achieving transgenerational entrepreneurship?

Q: Question
A: Answer

Pat. (P1)

A successor to one of the top 5 conglomerate group (P2)

Jeff. (P3)

Dr. Sup. (P4)

Q1:
How do Chinese-Indonesian parents transfer their values to their children, so that they are willing and ready to continue the family businesses?

The Chinese tradition of strictness, discipline, and working hard contribute to the succession process. (Cultural Values: Communication is important)

“...sometimes the key of the success of the family business is communication, it's true but it does not just count the amount of time you communicate but it's the quality of it” (Cultural Values: Communication is important)

“Yes, like sharing, teach you how important family is.” (Cultural Values: Communication is important)

Put the ancestor as an icon of working hard and tenacity in order to succeed. (Cultural Values and Role-Modelling)

“Thus, logically we can address that the value possessed within these children minds are parallel to the values adopted by their parents.” (Cultural Values)

“Confucius values in honoring parents. There is a hierarchy of respect and honor.” (Cultural values)

“...depends on the leadership style adopted by Father. In Chinese Family, father is addressed as the “king”. Technically speaking, it considers the mindset and the sense of responsibility to the family.” (Cultural Values)

“The sense of responsibility to the family. (Cultural Values)

“...these Chinese values, Confucian values, to save, no to be wasteful, to defer your gratification, work hard, and to see the family together rather than the right of own individuals.” (Cultural Values)

“I try to reduce commitments (appointments) for dinner, normally I have them on lunch, I’m quite busy for lunch but for dinner most of the time I’m at home.” (Cultural Values)

“...work but the final..."
"...the European countries, why the family business in Italy can sustain longer? Actually because of the social culture itself." (Cultural Values: The influence and support of the social culture in prolonging the lifespan of the family business)

Successor wants to be recognized. (Trust)

Imparting discipline to the successor since young helps to sustain the business into the next generation. (Mentoring)

leadership style of the king." (Cultural values and Leadership)

"Pointing at the truth, there lie three concepts comprising ‘Profit Driven’, ‘Passion Driven’ and ‘Purpose Driven’" (Passion)

"According to my opinion, ‘purpose’ is ‘value-driven’, which means of performing a proper and legitimate business, while at the same time carry blessings to societies. In fact, companies entering the top business in the world because they convey a ‘noble’ goal or objectives instead of ‘profit-minded’, which triggers them to be highly esteemed." (Passion)

"...however as mentioned before they ignore the true ‘passion’ that lies within their children, thus, unfortunately, leading to non-optimal performance." (Passion)

Communication is important)

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"...however as mentioned before they ignore the true ‘passion’ that lies within their children, thus, unfortunately, leading to non-optimal performance." (Passion)
Q2: What are the strategies to ensure successful succession? Through (1) education, (2) bridging, and (3) transition?

A: Usually, successful people feel like getting the education from overseas is better without knowing why and why did your parents send you outside? To study languages like English, Mandarin. Yeah and to have more learning from mistakes in terms of mismanagement and then remodel the structure and system of the company. (Trust: Allowances for Mistakes) Living within own means and be frugal. Spend what is earned from salaries. (Cultural Values and Role Modelling) Mentoring is required at this point. Learning from mistakes in terms of mismanagement and then remodel the structure and system of the company. (Trust: Allowances for Mistakes) Living within own means and be frugal. Spend what is earned from salaries. (Cultural Values and Role Modelling) Mentoring is required at this point. Learning from mistakes in terms of mismanagement and then remodel the structure and system of the company. (Trust: Allowances for Mistakes) Living within own means and be frugal. Spend what is earned from salaries. (Cultural Values and Role Modelling) Mentoring is required at this point.

“In some cases, incumbents prefer to assign small to medium task or project for their children to accomplish, instead of constantly directing them. Nevertheless, leadership styles and mindset adopted by parents also play important roles in their decision-making process and how they demonstrate lessons to children. Several of them might entrust their children to learn on their own, however, most of them fail to do this.” (Role-Modelling) No pressure to force the children what to take for their higher education. (Passion and Strategic Education)

“You cannot tell the people you must do this...this...this, but you yourself are not doing it. The children will see through it.” (Role-Modelling) No pressure to force the children what to take for their higher education. (Passion and Strategic Education)

“...and this cannot be forced, Pk...but there is a possibility when the child does not want to be in the business, I want to have my own, to do my own, you cannot force this person.” (Passion)

Prof.: “The deeper issue is that parents should start involving their children start from their early ages.” (Childhood Involvement)

Prof.: “Passion…of the related children, and this cannot be forced, but there is a possibility when the child does not want to be in the business, I want to have my own, to do my own, you cannot force this person.” (Passion)

Prof.: “Both come together.”
networks.

A: Usually to build a network and also looking for a soul-mate basically for a girl.

Parents direct the children the types of major to take.
(Formal Education)

Unclear job descriptions are given to the successor.
(No Mentoring)

“Family dynamics disrupted by jealousy.” (Cultural Values and Strategic Transition: Formal)

“The family have 3 meetings to handle the issues, but there is also that have an equal stock but still have a problem….”
(Ownership may not have the positive impact on the family dynamics)

The lady (2nd gen.) who owns a car rental family business was sitting with us during the interview and telling the story of how her father barely comes every level of the family.
(Mentoring)

motivate their children when mistakes or calamities approach within the dimension. Instead, anger is the main thing to be raised when they witness the failure of their children. Indirectly, this method has discouraged the children to grow, being afraid of making mistakes and fail to achieve the parents’ recognition.”
(Trust: Test Successors and Allowances for Mistakes)

“…parents with ancient culture are stuck with the principle of ‘profit-driven’ as the major foundation in doing business, thus they concern more towards analyzing profit and loss.”
(Cultural values)

“Wise parents would also send son to work overseas first.”
(Trust: Allowances for mistakes)

“So when it comes to the third generation, probably we are not as autocratic, we’re not so. We’re more democratic.”
(Cultural)

Prof.: “There is a good case example…Let’s look at Kalbe Farma. That was his baby. What did he do? He is a researcher pharmaceutical, so he created a lab. My daughter she did communication design, my younger son studying music production engineering, my music site.”
(Passion; Strategic Education)

Dining table as a source of sharing life and business information. Daughter learning about business through the table. (Cultural values)

Challenging for the 2nd and 3rd generation to take risks because reputation as the successor has to be intact. Encourage spin-off for the 3rd generation. (Trust: Successors)

Sending son to work overseas first. (Trust: Allowances for mistakes)
to the office so that she can be in charge of the company. (Incumbents' Retirement Activities)

provide trusted team guiding and working together with their children to grow at the right position in the business area while entrusting the overall operations to professionals for monitoring the growth of its performance. A successful family business is proven to have achieved its position from being supported by its professional teams, aside from family members themselves. (Mentoring by family and non-family members)

"As mentioned before 'a child might eventually face failure from being placed at the wrong position in the company'" (Trust: Test Successor)

Based on the evidence, two of Expert #4's employees made a fatal mistake but instead of getting scolded, they were developed in personality and professionalism. (Trust: Allowances for Mistakes)

"In a majority of family Values)

"I think basically what we stick to is to get them to be independent early on, but sometimes the difference between second and third generation, the second generation we grew up, see there's a difference between second and third generation, the third generation is also a part of the family business. When they take a risk and doesn't go well, it affects a lot more..." (Cultural Values)

"...in the second generation, first of all, we are, we probably because we grew up having to take more risk, the third generation if they take a risk, it's riskier for them. So probably one way before or the individual family to do their own business as well or encourage the..."
business, the source of huge problems and cultures interpretation is dependent on the mindset of its founder. In comparison, the Bible states, ‘The anointing (sacred) water flows downward.’ Within the family business, ‘pattern’ and ‘style’ thus indirectly form the habit and mindset of its founder or the king.

(Role-Modelling through the mind-sets of Incumbents)

"Actually when I send him to work at Shenyang, I was hoping that they would work like 11, 12 o'clock." (Trust: Test Successors)

"...I think basically what we stick to is to get them to be independent early on..." (Childhood Involvement)

Prof.: "In my opinion, family dynamics cannot get away from family cultures. In marriage when combined, they come from each other's culture. Then the question is what cultures are being implanted? It is a process where the children are nurtured in this process." (Cultural Values)

Prof.: "Role Modelling is from the parents...that is why many family businesses fall in line with the destruction of the families." (Role-Modelling)

Q3: Does the racial tension affect Very subjective to say that Establish overseas branch Generations have begun to Future plans for diversification is

Prof.: "Look at (*an airline) Group. generation to come to have a spin-off do something which would be the one doing the capital but the family whatever can also be an on bit more. Cause it tough actually for the third generation and the fourth generation to be taking a lot of risks." (Cultural Values; Trust)
family businesses plan to expand overseas as they still focus their businesses in Indonesia, but surely they have savings outside the country. (Contingency Plan)

experience a transition in this era. As we point towards the marketing perspective, "nationalism has become a marketing trend". Both the millennials and new generations have shown their confidence in proud of being Indonesian. They possess greater passion in throwing the national anthem as compared to the older generations. It is evident that the local products (Made in Indonesia) have growingly become trendy amongst the youngsters.

required as Chinese Indonesians look for more opportunities. (Contingency Plan)

Collaborate with Malaysia. With Thailand to make Thai Lion Airline. With the Philippines. So the ASEAN market they have the open up route and even to Mainland China. Imagine China has 1.2 billion population with thick wallets and thicker.

Prof.: (*a Chinese-Indonesian mini-mart chain) has 1100 store in Indonesia. In the Philippines, 110 stores. They are taking steps in Vietnam and Laos. (Contingency Plan)

Passion
-The top key indicator of Entrepreneurial Legacy: Life and Death
-Denoted by the keen in wanting to know more about the business

Formal Education
-1st-2nd Gen period: Still directed by Incumbents
-2nd-3rd Gen period: More flexibility for Successor to choose

Childhood Involvement
-Jaskiewicz et al. (2015, p. 18): "Alternatively, childhood involvement could be viewed as a training ground for future involvement….Although large and cohesive traditional families (i.e., those without an entrepreneurial legacy) also used childhood involvement for imprinting, imprinted traditions did not motivate next generation entrepreneurship. Imprinting a family's entrepreneurial legacy is thus important because it motivates next-generation entrepreneurship."
-It is better to nurture Successors from an early age

Cultural Values
-All the experts mentioned Chinese-Indonesian cultural values that foster the growth of family businesses, regardless of the generational factor.
-Cultural Values originated from family values to family business value.
-Cultural Values must be communicated.
Test Successor
- Provide ‘toys’ for Successor
- Spin-Off when business is large enough

Allowances for Mistakes
- Open to Successors making mistakes is essential for transgenerational entrepreneurship
- Incumbents are usually reserved in allowing this to happen
- In general, 1st gen is the most risk-taking, and 2nd is more risk-taking than 3rd.

Role-Modelling
- Role-Modelling depends on the mindsets of Incumbents to determine the success and failure of the business
- Setting or staging an icon in the family business to recall the qualities of getting to the success of the business

Family Governance
- Gilding (2000, p. 248): “…these processes, institutions and structures (Family Governance Mechanism) lie at the heart of the new family business research.”
- Olson et al. (2003): The success of the family business also depends largely on the family, its structures and processes of the family and its processes…
- Jaffe & Lane (2004): No “one size fits all”
- Miller and Le-Breton Miller (2006): Four core governance dimensions: family ownership, family leadership, the involvement of multiple family members, plan for next generations.
- Suess (2014): Three FGMs (family meetings, family councils, and family constitutions) strengthen ties between family and business, and also the relationship between business and the broader community.
- Fan (2013): Family governance sustains harmony in the family enterprise
- FGD: Family governance helps to harness harmony (initiated by Incumbent)

Firm Governance
- Silva, et al. (2006) & Pieper et al. (2008): SMEs tend to base their firm governance on relational and informal/social mechanism
- Fan (2013): Firm governance exert discipline in the family enterprise
- FGD: Firm governance reduces family and business complexities

Ownership
- Chu (2009): Founding-family ownership influences firm performance positively with active family management and control
- Nordqvist et al. (2012, p. 1,089): "However, there are significant reasons to examine ownership transitions more closely since they encompass resource management issues and a broader set of involvement actions that may play a pivotal role in a succession from an entrepreneurship perspective."
- Jaskiewicz et al. (2015): Transfer of ownership and control through “ordinary succession”
- P1: Ownership transitions for SMEs are not as challenging as in large businesses

Incumbent’s Retirement Activities
- A retirement activity(is) is/are needed before Incumbents step down
- Aronoff (1998): Must consider generational (for successors) and retirement transition (for incumbents)

Contingency Plan (fear of the racial tension erupting again since 1998)
- Family firms have other business activities or/and investments to safeguard against any riots against the Chinese like in 1998
- Carney (2007): Trend in emerging economies tend towards defensive activities than entrepreneurial activities
Figure 1: Transgenerational entrepreneurship research framework
(Habbershon et al., 2010)

Note: This framework has been developed jointly between researchers from the European STEP partner schools during the period 2005–08.
Figure 2: Research Protocol
Based on Charmaz (2014)

Purposive Sampling and Opportunistic Sampling & Data Collection:
Experts, Family Business Cases, Field Notes, and FGD

Initial Coding (Process In Vivo Coding beforehand) & Categorization

Focused Coding & Categorization

Theory Building
Successor’s Essence

A. Passion (P1)

*Note: Successor’s Essence include Talents (e.g. Collins, 2001): developed in the Entrepreneurial Bridging Process

Strategic Education

A. Successor’s Formal Education (P2)
B. Childhood Involvement (P3)

Entrepreneurial Bridging

A. Cultural Values / Traditions (P4)
B. Mentoring from Family/Non-Family (P5)
C. Trust in the Autonomy
   • (i) Test Successor (P6a)
   • (ii) Allowances for Mistakes (P6b)
D. Role-Modeling by Incumbent (P7)

Strategic Transition

A. Incumbent’s Retirement Activities (P8)
B. Contingency Plan (P9)
C. Governance
   • (i) Family Governance (P10a)
   • (ii) Firm Governance (P10b)
D. Ownership (P11)

Figure 3: Chinese-Indonesian Family SMEs Transgenerational Entrepreneurship Research Framework