CHAPTER 1

INTRODUCTION

1.1 Research Background

Family businesses are characterized by significant family involvement in ownership, management, and intergenerational succession (Memili & Dibrell, 2019). They play a dominant and enduring role in the global economy. According to the 2023 EY and University of St. Gallen Family Business Index, the 500 largest family businesses in the world collectively generated USD 8.02 trillion in revenue and employed 24.5 million people across 47 jurisdictions (EY & University of St. Gallen Family Business Index, 2023). If treated as a national economy, their combined output would rank third globally, after the United States and China. The United Nations estimates that family-owned or managed businesses contribute approximately two-thirds of global GDP and account for around 60 percent of total employment (PwC, 2025). These figures demonstrate that family businesses are not merely a component of the economy but a significant contributor to economic activity and employment worldwide.

In Indonesia, family businesses also play an important role in the national economy, while their continuity across generations remains an important challenge (PwC Indonesia, 2025). The 2025 PwC Global Family Business Survey, which included 67 Indonesian family businesses, reported that 43% of Indonesian NextGen respondents identified resistance from the senior generation as a major challenge in preparing for leadership transition, compared with 29% globally. In addition, 19% of Indonesian family businesses reported delaying succession because of uncertainty, compared with 10% globally. Leadership transition was also perceived as a risk by 39% of Indonesian respondents, while only 27% viewed it as an opportunity. These findings indicate that succession in Indonesian family businesses is not only a matter of preparing successors, but also involves challenges related to the transition of leadership between generations and the uncertainty surrounding the process (PwC Indonesia, 2025).

In West Sumatra, the Minangkabau provide a distinctive context for examining family business succession. The Minangkabau are widely recognized as one of the world's largest matrilineal societies and have a strong entrepreneurial tradition shaped partly by the cultural practice of *merantau*. This tradition encourages individuals to seek opportunities beyond their hometowns, develop independence, build commercial networks, and adapt to different economic environments (Games & Sari, 2023). As a result, Minangkabau family businesses have developed across various sectors and regions, making the Minangkabau context relevant for examining how family businesses navigate intergenerational succession. At the same time, previous research indicates that succession planning in Minangkabau family businesses is influenced by family, business, community, and socio-cultural considerations rather than managerial considerations alone (Games & Sari, 2023).

The empirical context of this research illustrates this overlapping condition. Across the four family businesses examined in this research, leadership responsibilities were being transferred gradually rather than through a complete separation between the incumbent and the future successor. Incumbents remained involved in providing guidance, participating in important decisions, or contributing to business direction, while future successors had begun assuming greater operational or managerial responsibilities. These situations indicate that leadership transition may involve a period in which the incumbent's established leadership position and the successor's emerging leadership position coexist.

The overlapping roles between incumbents and future successors may have psychological implications for both generations (Li et al., 2023). For incumbents, gradually reducing their involvement may create concerns about losing a leadership identity that has been developed through years of managing the family business, becoming less relevant to business decisions, or relinquishing responsibilities to the next generation. For future successors, taking on greater leadership responsibility may involve uncertainty about their readiness and authority, comparison with the incumbent, and pressure to maintain the reputation and values established by the previous generation. These experiences may occur simultaneously with the practical transfer of responsibilities, making succession a psychologically complex process rather than merely an organizational change. Understanding these experiences is therefore important for explaining how both generations navigate the transition while maintaining their relationship with the family business and with each other.

Although family business succession has been widely studied, important gaps remain in understanding how the psychological experiences of incumbents and future successors unfold during the transition. Recent research has increasingly recognized the importance of identity, role identity, and multiple roles in family business succession. Li et al. (2023), based on a systematic review of 99 studies, highlighted the psychological and interactive nature of succession and called for further cross-cultural and process-oriented research. However, existing studies have often examined succession through issues such as successor preparation, selection, governance, succession processes, and organizational outcomes, while the simultaneous experiences of incumbents and future successors during periods of overlapping leadership roles remain less understood. This gap is particularly relevant in culturally specific settings, where family relationships and socio-cultural values may shape how leadership transition is experienced and negotiated.

The overlapping leadership roles described above can be understood as a psychological state of being in between, in which individuals experience a transition between an established and an emerging position. Incumbents may remain psychologically and emotionally connected to their established leadership role while gradually moving toward a less dominant position. Future successors may have begun to assume greater leadership responsibilities while still operating within the authority, expectations, and influence of the incumbent. This condition suggests that succession is not necessarily experienced as an immediate movement from one clearly defined role to another. Instead, both generations may experience an intermediate period in which previous and emerging roles coexist and are continuously negotiated. This perspective is consistent with research showing that family business succession involves identity perception, multiple roles, and ongoing interaction between incumbents and successors (Li et al., 2023).

Viewing succession as a period of being in between provides a way to examine the psychological experiences that may arise while both generations adjust to changing leadership positions. Rather than treating the incumbent and future successor as separate actors who simply occupy different stages of succession, this perspective considers how their experiences develop in relation to one another during the transition. It allows attention to be given to the incumbent's efforts to adjust to reduced leadership involvement and the future successor's efforts to establish greater responsibility and autonomy while remaining connected to the incumbent's influence. Such a perspective is particularly relevant in family businesses where leadership, family relationships, and business responsibilities are closely interconnected. It therefore provides a basis for examining succession as an ongoing psychological and relational process rather than solely as a formal transfer of managerial authority.

Based on these considerations, this research seeks to explore how incumbents and future successors experience and make sense of the psychological conditions that emerge during the intergenerational succession process in Minangkabau family businesses. Particular attention is given to the experiences of both generations while leadership responsibilities are being transferred and their roles continue to overlap. By examining the accounts of incumbents and future successors within the same family business succession contexts, this research aims to provide a deeper understanding of how each generation experiences changing leadership roles, identity, expectations, and responsibilities during the transition. The research therefore focuses on the lived experiences of both generations rather than evaluating succession outcomes or business performance.

1.2 Research Questions

Based on the background explained above, the research questions formulated for this research are as follows:

1. How do incumbents experience and navigate the liminal condition of being in between during the succession process in Minangkabau family businesses?
2. How do future successors experience and interpret the liminal condition of being in between as they assume and develop their leadership roles in Minangkabau family businesses?
3. How do interactions between incumbents and future successors relate to their experiences of being in between during the succession process in Minangkabau family businesses?

1.3 Research Objectives

This research is conducted to achieve the following objectives:

1. To explore and analyze how incumbents experience and navigate the liminal condition of being in between during the succession process in Minangkabau family businesses.
2. To explore and analyze how future successors experience and interpret the liminal condition of being in between as they assume and develop their leadership roles in Minangkabau family businesses.
3. To explore and analyze how interactions between incumbents and future successors relate to their experiences of being in between during the succession process in Minangkabau family businesses.

1.4 Research Benefits

This research is conducted with the expectation of providing benefits to the following parties:

1. For Academics

This research is expected to contribute to the family business succession literature by providing a deeper understanding of how incumbents and future successors experience and interpret the condition of being in between during intergenerational leadership transitions. It also extends existing knowledge by examining these experiences through a liminality perspective within the context of Minangkabau family businesses, contributing a culturally specific perspective to the family business succession literature.

2. For Family Business Actors

The findings of this research are expected to provide family business actors with greater awareness of the psychological and relational experiences that may emerge during intergenerational leadership transitions. For incumbents, the findings may help increase awareness of the challenges associated with changing leadership roles and reduced involvement. For future successors, the findings may provide a better understanding of the experiences associated with assuming greater leadership responsibilities while remaining connected to the incumbent.

3. For Practitioners and Future Researchers

For practitioners, this research may provide insights that can be considered when developing succession planning, mentoring, and leadership development practices that recognize the psychological and relational aspects of intergenerational transitions. For future researchers, this research may serve as a reference for further studies on liminality, psychological experiences, and family business succession, particularly in culturally specific and non-Western contexts.

1.5 Research Scope

This research focuses on the lived psychological experiences associated with intergenerational leadership transition among incumbents and future successors in

Minangkabau family businesses in West Sumatra, Indonesia. The research examines how incumbents and future successors experience and navigate the condition of being in between during the succession process, including how future successors assume and develop their leadership roles and how interactions between the two generations are experienced throughout the transition. The research focuses on participants' experiences, perceptions, emotions, and reflections related to the succession process rather than evaluating succession outcomes or business performance. Accordingly, financial performance, governance mechanisms, organizational structure, ownership transfer, and post-succession business outcomes are beyond the scope of this research.

1.6 Writing Systematics

This research consists of five chapters, each of which presents a specific focus and purpose. The systematic structure of the research is described as follows:

Chapter I: Introduction

This chapter presents the research background, research questions, research objectives, research benefits, research scope, and writing systematics.

Chapter II: Literature Review

This chapter presents the theoretical foundations underlying the research. It also discusses previous research, the research proposition, and the research framework.

Chapter III: Research Methodology

This chapter explains the research design, research objects and location, types and sources of data, data collection methods, operational definition of constructs, research instruments, trustworthiness of the research, and data analysis techniques.

Chapter IV: Results and Discussion

This chapter presents the description of the research objects and participants, the implementation of the interviews, research findings and analysis, and the discussion of the findings in relation to the research questions and relevant literature.

Chapter V: Conclusion

This chapter presents the conclusions drawn from the research findings, research implications, research limitations, and suggestions for family business actors and future researchers.