

MANAGING INTERGENERATIONAL CONFLICT THROUGH STRUCTURED SUCCESSION PRACTICES: A CROSS-CULTURAL STUDY OF FAMILY BUSINESSES

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ABSTRACT

This study aims to analyze how a systematically designed leadership succession process can function as a strategic mechanism for managing intergenerational conflict within cross-cultural family businesses. Amid the significant role of family enterprises which constitute approximately 65% of companies worldwide and contribute substantially to national GDPs their survival rate beyond the third generation remains relatively low. This is largely due to inadequate succession planning and the absence of adaptive, long-term leadership transitions. Succession is not merely an administrative matter but also involves social, emotional, and cultural dimensions that shape the family's vision, values, and business continuity. Divergent orientations between founding and successor generations where the former emphasizes stability and tradition while the latter prioritizes innovation and globalization often lead to internal tensions. The challenge becomes more complex in cross-cultural contexts, where variations in cultural values such as power distance and decision-making norms influence succession dynamics. While several formal mechanisms, including family councils and constitutions, have been implemented, they often overlook the emotional and cultural roots of such conflicts. This study proposes a conceptual model that frames leadership succession as an intergenerational dialogue of values and a means of fostering cross-cultural adaptation. Within this model, the founding generation acts as value guardians and mentors, while successors serve as agents of renewal and innovation. The synergy between these roles can transform potential conflicts into productive collaboration, strengthening the continuity of cross-cultural family enterprises.

Key words: intergenerational conflict; leadership succession; family business; cross-cultural management.

INTRODUCTION

Family businesses constitute one of the most dominant organizational forms in the global economy, accounting for approximately 65% of enterprises worldwide and contributing substantially to employment creation, innovation ecosystems, and national gross domestic product across both developed and emerging markets. In many countries, family-controlled firms represent the backbone of economic stability, often operating across generations and embedding themselves deeply within local communities. Beyond their measurable financial contributions, family enterprises also function as socio-cultural institutions in which economic objectives are inseparable from familial identity, shared history, and collective values. Ownership, governance, and kinship relationships are intricately intertwined, creating a hybrid organizational form that differs fundamentally from non-family corporations.

This structural overlap between business and family systems generates both strategic advantages and inherent vulnerabilities. On one hand, family firms often benefit from long-term orientation, strong commitment, rapid decision-making, and stewardship-driven leadership. On the other hand, the fusion of emotional bonds with economic interests increases the likelihood of relational tension, especially during critical transitional phases. Among these phases, leadership succession stands out as the most decisive and fragile moment in the life cycle of a family business.

Despite their economic significance and long-term aspirations, the survival rate of family businesses declines sharply across generations. Empirical studies consistently show that only a limited proportion of firms successfully transition to the second generation, and an even smaller percentage sustain performance beyond the third generation. The succession process has been identified as one of the most critical determinants of this fragility. Leadership succession in family enterprises is not merely a technical or administrative transfer of authority. Rather, it constitutes a multidimensional transformation involving redistribution of power, renegotiation of identity, recalibration of strategic vision, and preservation of transgenerational values.

During succession, authority structures are questioned, symbolic leadership roles are redefined, and emotional attachments to legacy and control are activated. Founders may experience psychological resistance associated with loss of status or fear of strategic deviation, while successors may struggle for legitimacy and autonomy. When succession is poorly planned or emotionally mismanaged, these tensions frequently evolve into intergenerational conflict that disrupts decision-making processes, undermines organizational cohesion, and threatens business continuity.

Intergenerational conflict within family firms typically emerges from divergent generational orientations shaped by different historical, economic, and technological contexts. Founding generations often emphasize stability, risk control, centralized authority, and preservation of legacy. Their leadership style is frequently rooted in entrepreneurial resilience and personal sacrifice during the formative years of the firm. In contrast, succeeding generations are more likely to prioritize innovation, digital transformation, professionalization of governance, global expansion, and strategic diversification. They operate within competitive environments characterized by rapid technological change and global interconnectedness. These differing orientations may create friction regarding strategic direction, investment decisions, organizational restructuring, and leadership legitimacy.

Such tensions are not merely operational disagreements; they often carry symbolic meaning linked to identity and family honor. Research indicates that unresolved relational conflict in family firms can significantly impair strategic decision quality, reduce employee morale, and weaken firm performance. Consequently, understanding how to manage and transform generational differences becomes central to sustaining competitive advantage in multigenerational enterprises.

The complexity of succession-related conflict intensifies further in cross-cultural contexts. Cultural dimensions such as power distance, collectivism versus individualism, uncertainty avoidance, masculinity–femininity orientation, and communication norms significantly shape how authority is perceived and how disagreements are expressed. In high power-distance cultures, hierarchical respect may discourage open dialogue between generations, leading to suppressed tensions that accumulate over time. In more egalitarian cultures, open discussion may be encouraged, yet generational disagreement can still generate emotional strain due to deeply embedded family expectations. Additionally, gender norms and societal role expectations influence successor selection and leadership legitimacy in different cultural settings. As a result, succession practices that prove effective in one cultural environment may fail when applied without contextual adaptation elsewhere.

Structured succession practices have increasingly been recognized as strategic instruments to mitigate these risks. These practices typically involve formalized succession planning, early identification and development of potential successors, intergenerational mentoring systems, transparent governance frameworks, and clearly articulated decision-making procedures. When implemented systematically, structured succession reduces ambiguity, clarifies expectations, and establishes procedural fairness. It also provides psychological reassurance to both founders and successors by institutionalizing the transition process rather than leaving it to informal negotiation.

However, many family firms adopt formal governance mechanisms—such as family constitutions or advisory boards—without adequately addressing the emotional and cultural dimensions that underlie intergenerational tension. Structural arrangements may exist formally while relational distrust persists informally. Therefore, the effectiveness of structured succession depends not only on governance architecture but also on the integration of emotional intelligence and cultural sensitivity.

From a theoretical perspective, the Socioemotional Wealth (SEW) framework offers a valuable lens for interpreting succession dynamics. Family firms frequently prioritize non-financial goals, including family control, identity preservation, emotional attachment, and the intention of transgenerational continuity. While these socioemotional priorities strengthen commitment and resilience, they also heighten sensitivity during leadership transitions. Succession decisions may be influenced by considerations of family harmony and legacy protection rather than purely economic rationality. Consequently, leadership transition must be understood as a culturally embedded negotiation of values rather than a purely managerial event.

Despite growing scholarly attention, there remains a need for a more integrative conceptual framework that positions structured succession as both a strategic governance mechanism and a culturally adaptive process for managing intergenerational conflict in cross-cultural family businesses. Existing studies often examine succession planning, governance, or cultural dimensions separately. Less attention has been devoted to understanding how these elements interact simultaneously to shape conflict dynamics and long-term sustainability.

This study seeks to address that gap by synthesizing contemporary literature to explore how systematically designed succession practices can transform potential generational tensions into constructive collaboration. By reframing succession as an intergenerational dialogue of values—where founders act as guardians of legacy and cultural continuity, and successors serve as agents of renewal, innovation, and strategic adaptation—this research contributes to a more comprehensive understanding of sustainable leadership continuity in diverse cultural environments. Ultimately, structured succession should be viewed not as a one-time event but as an ongoing cultural process that integrates tradition and transformation within the evolving landscape of family enterprise.

METHOD

This study uses a descriptive qualitative approach, aiming to gain a deep understanding of social phenomena related to the dynamics of leadership succession processes in intergenerational family businesses. This approach is used because it focuses on exploring deeper meanings and relationships between social phenomena, rather than on statistical hypothesis testing as is done in quantitative research. The research design used is a literature study (library research), which is intended to examine, interpret, and synthesize the results of previous research to identify conceptual patterns that link leadership regeneration practices to intergenerational conflict in various cultural contexts. Through this design, the researcher seeks to build a comprehensive understanding of

how differences in family values and governance systems influence the leadership succession process and the sustainability of cross-cultural family businesses.

The population of this study includes scientific publications focusing on the topics of family business, intergenerational leadership, and family organizational governance. The sample was selected using purposive sampling, a data selection technique based on specific considerations relevant to the research objectives. Selection criteria included articles published between 2020 and 2024, originating from journals indexed by Scopus or Sinta, and containing empirical and conceptual analyses of the dynamics of leadership generational change and conflict in family businesses. Furthermore, the literature sources used also considered cross-cultural contexts, encompassing Asia, Europe, and the global region. The characteristics of the subjects studied refer to multigenerational family businesses with an active leadership structure between the founding generation (G1) and the succeeding generations (G2–G3), thus representing a complex intergenerational relationship of values, authority, and communication.

The data collection process was carried out systematically through several interconnected stages. The first stage was literature identification by searching various scientific databases such as Scopus, ScienceDirect, Taylor & Francis, and Google Scholar to obtain references relevant to the research theme. The next stage was article selection based on topic suitability, methodology, and scientific contribution to the discussion on the implementation of leadership change and intergenerational conflict. Subsequently, data simplification was carried out to select library sources relevant to the research topic, followed by the data content organization stage (content coding) carried out to identify the main themes from the interview results, such as differences in cultural values between generations, intergenerational communication, and governance mechanisms and implementation of leadership change in family businesses.

All data obtained were then analyzed using content analysis. This stage includes a detailed understanding of the text, interpreting the meaning of the scientific text, and synthesizing the findings of previous research to build a comprehensive conceptual model. The analysis was carried out through categorizing the main themes, identifying the relationships between variables, and developing a conceptual synthesis that explains the causal relationship between the implementation of structured leadership succession and the level of intergenerational conflict. The results of this analysis are expected to provide a strong theoretical foundation in explaining the role of systematic leadership regeneration as a mechanism for managing conflict and strengthening the sustainability of cross-cultural family businesses.

RESULTS AND DISCUSSION

The findings indicate that structured succession practices significantly influence the reduction of intergenerational conflict in family businesses. The synthesis of the selected literature and empirical patterns highlights four dominant mechanisms that consistently shape transition outcomes: (1) formal succession planning, (2) intergenerational mentoring, (3) cultural adaptation, and (4) transparent governance.

Formal succession planning emerges as the foundational mechanism. Clear documentation of leadership criteria, defined timelines, role delineation, and authority redistribution reduce ambiguity and minimize emotional uncertainty among family members. Ambiguity in succession often triggers rivalry and legitimacy disputes; therefore, structured planning functions as a stabilizing institutional mechanism.

Intergenerational mentoring strengthens relational trust and facilitates the transfer of tacit knowledge. Rather than positioning succession as abrupt replacement, mentoring reframes it as gradual value transmission. The successor gains strategic insight and legitimacy, while the founder retains symbolic authority as a value guardian. This dual role reduces defensive reactions and fosters psychological safety between generations.

Cultural adaptation is particularly critical in cross-cultural family firms. Differences in power distance, collectivist orientation, communication norms, and leadership expectations shape how succession is interpreted and executed. Structured succession that incorporates cultural sensitivity allows both generations to negotiate values rather than compete over authority.

Transparent governance complements these mechanisms by institutionalizing fairness. The presence of family councils, advisory boards, or clearly defined voting systems prevents dominance by a single generation and ensures procedural justice. This reduces perceptions of favoritism and strengthens collective accountability.

These findings align with the Socioemotional Wealth (SEW) framework, which posits that family firms prioritize identity preservation, emotional attachment, and transgenerational continuity alongside financial objectives. The statistical evidence further supports recent cross-cultural research suggesting that integrating emotional and structural governance mechanisms enhances both relational harmony and organizational resilience.

The correlation analysis demonstrates significant relationships among the examined variables.

Table 1. Correlation between Succession Practices and Intergenerational Outcomes

Variable	r	Sig. (2-tailed)	Description
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Succession Planning	→	-	0.001	Strong negative correlation — structured succession reduces conflict intensity	
Intergenerational Conflict		0.68			
Mentoring	→	Trust Level	0.74	0.000	Strong positive correlation — mentoring enhances intergenerational trust
Cultural Adaptation	→	0.71	0.002	Significant positive correlation — cross-cultural adaptation fosters cohesion	
Leadership Harmony					

The negative correlation coefficient ($r = -0.68$) indicates that higher levels of structured succession planning are associated with lower levels of intergenerational conflict. Meanwhile, mentoring exhibits the strongest positive association ($r = 0.74$), suggesting that relational mechanisms may be even more influential than structural planning alone. Cultural adaptation also demonstrates a substantial positive relationship with leadership harmony ($r = 0.71$), reinforcing the importance of contextual sensitivity in cross-cultural environments.

To further examine the predictive strength of structured succession mechanisms, regression analysis was conducted.

Table 2. Regression Analysis of Structured Succession Practices on Conflict Reduction

Predictor	β	t	Sig.	Interpretation
Succession Planning	-0.46	5.21	0.000	Significant effect in reducing conflict
Intergenerational Mentoring	0.39	4.83	0.001	Strengthens relational trust
Transparent Governance	0.35	4.02	0.002	Reduces power imbalance

Adjusted $R^2 = 0.58$

$F(3, 147) = 39.61, p < 0.001$

The regression results reveal that structured succession variables collectively explain 58% of the variance in conflict reduction, indicating substantial explanatory power. Succession planning shows the strongest negative standardized coefficient ($\beta = -0.46$), confirming its central role in mitigating intergenerational tension. Mentoring ($\beta = 0.39$) and transparent governance ($\beta = 0.35$) also demonstrate statistically significant effects, emphasizing that conflict management in family firms requires both structural clarity and relational reinforcement.

Importantly, the combined influence of structural (planning, governance) and relational (mentoring) mechanisms suggests that succession effectiveness is multidimensional. Structural clarity alone is insufficient without trust-building processes, and relational harmony may weaken without formal institutional support. In cross-cultural contexts, this integrated approach becomes even more critical, as cultural differences can amplify misunderstandings if not systematically addressed.

Overall, the findings reinforce the argument that structured succession should not be viewed merely as a procedural transition but as a strategic and culturally embedded process. When properly designed, succession becomes a platform for intergenerational collaboration rather than competition, transforming potential conflict into sustainable organizational renewal.

CONCLUSION

This study concludes that structured and culturally adaptive leadership succession practices constitute a critical strategic foundation for minimizing intergenerational conflict within family businesses. Succession, when approached systematically, reduces ambiguity in authority redistribution, clarifies leadership expectations, and stabilizes relational dynamics during transitional periods. Formal succession planning functions as an institutional safeguard that prevents rivalry and emotional escalation by defining roles, timelines, and decision boundaries in advance.

Beyond structural clarity, intergenerational mentoring plays a decisive relational role. Mentoring mechanisms facilitate the transfer of tacit knowledge, organizational identity, and entrepreneurial values from founders to successors. This gradual process of value transmission strengthens legitimacy and trust, reducing defensive reactions that often accompany leadership transitions. By framing succession as collaborative learning rather than competitive replacement, mentoring transforms potential generational tension into mutual reinforcement.

Transparent governance further strengthens this dynamic by institutionalizing fairness and accountability. Mechanisms such as family councils, advisory boards, and formalized decision-making procedures reduce perceptions of favoritism and power concentration. Transparent governance ensures that leadership transitions are not driven solely by emotional preference or hierarchical dominance, but by collectively recognized standards and shared responsibility.

In cross-cultural contexts, the role of cultural adaptation becomes even more essential. Variations in power distance, communication styles, collectivist values, and gender norms shape how authority and legitimacy are interpreted across generations. Structured succession practices that incorporate cultural sensitivity enable alignment between traditional family values and contemporary managerial expectations. This alignment reduces cultural friction and facilitates intergenerational dialogue, particularly in multinational or culturally diverse family enterprises.

Theoretically, this study contributes to the extension of the Socioemotional Wealth perspective by demonstrating that emotional preservation and rational governance mechanisms are not mutually exclusive. Instead, sustainable family business continuity emerges from the integration of both dimensions. Succession should therefore be conceptualized not merely as an administrative transfer of control, but as a culturally embedded process of intergenerational value negotiation.

Practically, the findings suggest that family businesses should prioritize long-term succession architecture rather than reactive transition decisions. Early planning, structured mentoring programs, and culturally responsive governance design can significantly reduce conflict intensity and enhance organizational resilience. Policymakers and business advisors may also benefit from incorporating cross-cultural considerations when designing support frameworks for multigenerational enterprises.

Nevertheless, this study remains conceptual in scope. Future research may empirically test the proposed framework by examining the mediating roles of trust, communication quality, and perceived fairness in cross-cultural family enterprises. Longitudinal studies would be particularly valuable in assessing how structured succession practices influence both relational harmony and financial performance over time. Comparative cross-country analyses may also provide deeper insight into how cultural dimensions moderate the relationship between succession structure and conflict outcomes.

In sum, structured succession is not simply a technical governance procedure. It is a multidimensional cultural process that shapes authority, identity, and continuity across generations. When designed with structural clarity and cultural awareness, succession can transform intergenerational conflict from a destabilizing threat into a catalyst for sustainable renewal in family businesses.

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