

## **THE ROLE OF FAMILY CLIMATE IN OVERCOMING POWER SYNDROME IN FAMILY BUSINESS SUCCESSION**

**Tatsbita Andari Putri<sup>1</sup>, Muhammad Fadhlan Arasy Permadi Putra<sup>2</sup>, Talitha Nabilah Ramadani<sup>3</sup>, and Nandang<sup>2</sup>**

<sup>1</sup> Entrepreneurship study program, Indonesia University of Education, Tasikmalaya Campus.

<sup>2</sup>Jalan Dadaha No.18, Kahuripan, Tawang District, Tasikmalaya, West Java 46115, Indonesia

E-mail: tatsbita160105@upi.edu; muhammadfadhlan838@upi.edu ; talitharamadani@upi.edu ;  
nandang@upi.edu

### **ABSTRACT**

This study aims to examine the factors causing power syndrome, namely the reluctance of the older generation to relinquish authority during family business succession. This issue has become increasingly important because family businesses are required to adapt and build trust with stakeholders, yet succession processes are often hindered by resistance from founders or senior family members. The study employs a systematic literature review using academic journal articles and industry reports related to family business succession and leadership transition. Data were analyzed through thematic synthesis to develop a conceptual framework explaining the relationship between the identified variables. The findings reveal four main factors triggering power syndrome: (1) the founder's psychological attachment to the business; (2) the desire to maintain control and fear of losing authority; (3) weak corporate governance systems and the absence of formal succession planning; and (4) distrust toward the capabilities of the next generation. In addition, family conditions significantly influence the relationship between these factors and power syndrome. Negative family environments tend to strengthen resistance to succession, whereas supportive family relationships can reduce reluctance to transfer leadership by improving communication and leadership effectiveness. The study concludes that addressing power syndrome requires not only structural and governance improvements but also attention to the psychological aspects of founders and the creation of a supportive family environment. Therefore, practitioners are encouraged to integrate family counseling and interpersonal communication strategies into succession planning to ensure smoother leadership transitions in family businesses.

**Key words:** power syndrome; family business; succession; senior generation; family climate

### **INTRODUCTION**

In Indonesia, family businesses dominate the economic sector, with more than 95% of all companies being family businesses (Metapasar, 2024), including more than 900 companies listed on the stock market (Validnews, 2024). However, this dominance is threatened by significant sustainability issues, with nearly 70% of them failing or being sold when transitioning to the second generation (Connecting-Leader, 2023). These failures are often caused by succession problems influenced by the power syndrome, or the tendency of the older generation to not relinquish control (PwC, 2023). Previous studies have identified various contributing factors, ranging from psychological aspects (Casprini et al., 2020; Le Breton-Miller and Miller, 2020) to structural issues (Rumanko, 2021; do Paço et al., 2021; Schillemans and Bjurström, 2020), but these are usually discussed separately.

In response to this shortcoming, the novelty of this study is the introduction of the family climate variable as an important moderating element (Miller, 2023). Thus, this study aims to identify the key factors that cause power syndrome and offer a new conceptual framework that explains how the quality of internal relationships influences the reluctance of the older generation to relinquish control.

### **METHOD**

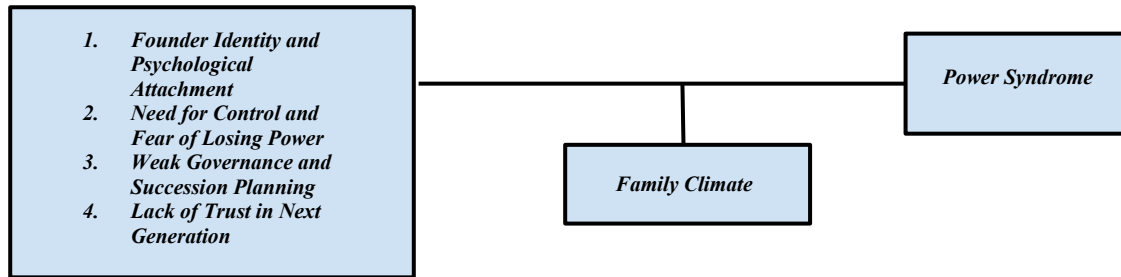
This study applied a literature review method. The data used were secondary data, including scientific journal articles, industry reports, and other relevant sources selected purposively. Data analysis was conducted through thematic synthesis to identify key variables, find gaps in the research, and ultimately develop a new conceptual framework that integrates family climate as a moderating variable.

### **RESULTS AND DISCUSSION**

#### **Finding 1: Identifying the Causes of Power Syndrome**

Based on the first research question, the literature review consistently found four main elements that are the primary causes of power syndrome or the inability of the senior generation to relinquish control. First, the connection between the founder's psychological identity and the company. These findings show that for many founders or older generations, business is more than just a financial instrument, but also an aspect of themselves

(Casprini et al., 2020). This is because the company is often considered the most important achievement in their lives, reflecting their efforts, sacrifices, and vision (Vendrell-Herrero, Said, and Zainudin, 2020). Relinquishing control over the company is likened to giving up part of their identity, life purpose, and the legacy they have built (Le Breton-Miller and Miller, 2020).



**Figure 1. Conceptual Framework of Factors Influencing Power Syndrome in Family Business Succession**

These findings are in line with the concept of founder's syndrome, where founders experience difficulty adapting to new roles after leading a company for a long time (Yokoyama et al., 2023; Terbeck et al., 2022). Second, the desire to remain in power and the fear of losing authority. The results of the analysis show that power syndrome usually arises from the fear of losing status, influence, and relevance gained from a leadership position (Taylor and Francis Authors, 2021). Academic discussions on this issue reveal that having power provides a sense of security and the ability to control the environment (Taylor and Francis Authors, 2021). The succession process, from the perspective of the senior generation, is recognized as a threat to that sense of security (Surdej and Wach, 2021).

This phenomenon is reinforced by findings on rigid leadership, which show that the longer a person serves as a leader, the greater their reluctance to step down because their entire social and professional routine is tied to that role (Ahmad et al., 2022; Saurabh, 2024). Third, weak governance systems and formal succession planning. This finding is strongly supported by empirical data and existing literature (PwC, 2023). When a family business does not have a structured succession plan, including criteria, timing, and transfer processes, considerable uncertainty arises (Rumanko, 2021). In situations of uncertainty, the senior generation tends to maintain the status quo as a way to minimize the risks they perceive (do Paço et al., 2021).

These findings are highly relevant to the PwC (2023) report, which shows that only 19% of family businesses have formal procedures for resolving disputes and only 65% have a basic governance structure. The absence of such structures creates opportunities for ambiguity, which ultimately makes the older generation reluctant to relinquish control (PwC, 2023; Rumanko, 2021). Fourth, lack of confidence in the capabilities of the next generation. A literature review shows that the senior generation's view of the readiness and capabilities of the next generation is an important factor in the continuity of the succession process (Suhartanto et al., 2023). This distrust can arise due to differences in vision, leadership style, or fear that core family values will be neglected (Schillemans and Bjurström, 2020).

Academically, this phenomenon can be understood through agency theory, in which the older generation (principals) worry that the next generation (agents) will not act in their best interests or those of the company (Löhde et al., 2020). This is further exacerbated by a PwC report (2023) which shows that conflict within the family is one of the biggest challenges in building trust, which directly affects the senior generation's confidence in their successors (Miller, 2023).

### **Finding 2: The Role of Family Climate as a Moderator**

To answer the second research question, the main findings and novelty of this study indicate that the family environment functions as a crucial moderator variable. This suggests that the four elements that cause power syndrome do not operate independently; their impact is influenced by the quality of relationships and communication within the family (Miller, 2023). In negative family situations, characterized by frequent conflict, ineffective communication, and low emotional support, the influence of the four causal factors will be very strong (Miller, 2023). For example, a founder's emotional attachment can make them more defensive if they see ideas from younger generations as threats rather than contributions (Casprini et al., 2020; Miller, 2023). The urge to control the situation will increase because they feel that no family members support their views (Taylor and Francis Authors, 2021).

Weak governance becomes even more risky because there is no basis of trust for openly exchanging ideas (Rumanko, 2021; PwC, 2023). These findings are in line with a PwC report (2023) that identifies conflict within families as one of the main obstacles to building trust. Conversely, in a positive family environment, characterized by open communication, mutual respect, and emotional support, the impact of these four contributing factors can be minimized (Miller, 2023). Research by Miller (2023) shows that a supportive family environment strengthens the effectiveness and confidence of the next generation of leaders, which can ultimately alleviate the concerns of the previous generation. In this kind of atmosphere, a founder with strong emotional ties may be more willing to

relinquish control because they feel satisfied that their legacy will be appreciated and continued, rather than destroyed (Le Breton-Miller and Miller, 2020; Miller, 2023).

A less formal succession planning process may be easier to negotiate because there is a foundation of trust and goodwill that has been built (do Paço et al., 2021; PwC, 2023). Therefore, the family environment serves as a buffer that determines the extent to which these risk factors could potentially lead to serious power syndrome (Miller, 2023). This is an important finding that explains why two family businesses with the same structural problems can experience very different succession outcomes.

## CONCLUSION

Power syndrome in the senior generation is triggered by a combination of psychological and structural factors, but its effects are greatly influenced by the family atmosphere. This shows that success in the succession process is not only determined by formal planning, but also depends heavily on the management of interpersonal interactions. Future research is recommended to empirically test this conceptual framework.

## REFERENCES

- Ahmad, R., Khan, M. M., & Hussain, A. (2022). Performance consequences of leadership entrenchment in family-owned firms. *Journal of Family Business Management*, 12(4), 678–695. doi:10.1108/JFBM-10-2021-0123
- Casprini, E., Melanthiou, Y., Pucci, T., & Zanni, L. (2020). Managing founder-based brand identity during succession. *Journal of Brand Management*, 27(1), 1–14. doi:10.1057/S41262-019-00161-X
- Connecting-Leader. (2023). *Mengapa Banyak Bisnis Keluarga di Indonesia yang Tidak Bertahan Lama?* Diakses pada 15 Oktober 2025, pukul 21.34 WIB, dari <https://connecting-leader.com/mengapa-banyak-bisnis-keluarga-di-indonesia-yang-tidak-bertahan-lama/>
- Paço, A., Fernandes, C., & Ferreira, J. (2021). Succession planning and strategies in family business: A multiple case study. *Journal of Accounting and Investment*, 22(2), 140–156.
- Le Breton-Miller, I., & Miller, D. (2020). Founder's legacy and the paradox of change in family firms. *Family Business Review*, 33(3), 234–251. doi:10.1177/0894486519885545
- Li, W., Wang, Y., & Cao, L. (2023). Identities of the incumbent and the successor in the family business succession: Review and prospects. *Frontiers in Psychology*, 14. doi:10.3389/fpsyg.2023.1062829
- Löhde, A. S. K., Campopiano, G., & Calabrò, A. (2020). Beyond agency and stewardship theory: shareholder–manager relationships and governance structures in family firms. *Management Decision*, 59(2), 390–405. doi:10.1108/MD-03-2018-0316
- Metapasar. (2024). *Mayoritas Perusahaan di Indonesia Adalah Bisnis Keluarga*. Diakses pada 15 Oktober 2025, pukul 21.34 WIB, dari <https://www.metapasar.com/mayoritas-perusahaan-di-indonesia-adalah-bisnis-keluarga>
- Miller, S. P. (2023). Family climate influences next-generation family business leader effectiveness and work engagement. *Frontiers in Psychology*, 14. doi:10.3389/fpsyg.2023.1110282
- PricewaterhouseCoopers. (2023). *Transform to build trust: PwC's 11th Global Family Business Survey*. Diakses dari <https://www.pwc.com/familybusinesssurvey>
- Ringo, D. S., & Kibambila, V. K. (2025). Transcending the past into the future: the effects of succession planning and incumbents' willingness to step aside on the sustainability of family businesses. *Journal of Trade Science*, 13(2), 110-127. doi:10.1108/jts-03-2024-0013
- Rumanko, B. (2021). Succession as a risk process in the survival of a family business. *Economics and Business*, 14(10), 458.
- Saurabh, K. (2024). Sources of incentive and entrenchment effects in family firms: Balancing self-dealings with operating efficiencies. *International Journal of Managerial Finance*, 20(3), 581-607. doi:10.1108/IJMF-06-2022-0257
- Schillemans, T., & Bjurström, K. H. (2020). Trust and verification: Balancing agency and stewardship theory in the governance of agencies. *International Public Management Journal*, 23(5), 650–676. doi:10.1080/10967494.2018.1553807
- Suhartanto, E., dkk. (2023). The mediating effect of family business self-efficacy on parental support and succession intention relationship. *Journal of Family Business Management*, 13(4), 905-922. doi:10.1108/jfbm-03-2022-0035
- Surdej, A., & Wach, K. (2021). Succession challenges and the reluctance to relinquish control in family firms. *Sustainability*, 13(2), 635.
- Taylor & Francis Authors. (2021). *Power and control dynamics in family business succession: A multi-generational perspective*.
- Terbeck, H., Rieger, V., Van Quaquebeke, N., & Engelen, A. (2022). Once a founder, always a founder? The role of external former founders in corporate boards. *Journal of Management Studies*, 59(5), 1284–1315. doi:10.1111/joms.12774

- Validnews. (2024). *BEI Optimis Bisa Capai Target Emiten di 2024*. Diakses pada 15 Oktober 2025, pukul 21.34 WIB, dari <https://validnews.id/ekonomi/bei-optimis-bisa-capai-emiten-di>
- Vendrell-Herrero, F., Said, E., & Zainudin, B. (2020). Founders' social identity and entrepreneurial self-efficacy amongst nascent entrepreneurs: A configurational perspective. *Journal of Business Research*, *113*, 122–131. doi:10.1016/j.jbusres.2020.03.028
- Yokoyama, K., Komuro, T., & Yamamoto, Y. (2023). Founder's syndrome in NPO business succession. *Forum for Entrepreneurial Studies*, *21*(0), 1–15.