

ROLE OF GOOD FAMILY GOVERNANCE ON FAMILY'S FIRM SUSTAINABILITY (A CASE STUDY ON COMPANY X)

Andrew Setiono¹

Universitas of Ciputra, Surabaya
INDONESIA

Emails: andrew_setiono@hotmail.com

ABSTRACT

Along with the growth of a family's firm and the number of family members who joined the firm, succession issues and conflicts within the family firm is one of the topics that requires a special attention. With the aid of a good family business governance, a family firm can balance family's interest and business' interests so as to reduce friction created due to conflict. Implementing a good governance system will have a positive impact on the performance of the family's firm. The purpose of this study was to analyze the role of good family governance on family's firm sustainability. The method used in this study is one that is qualitative. This is done by conducting interviews with several parties who have different employment background. The number of sources used in this study are four person who have a deep knowledge about the succession, conflict management, and governance. The result of this research is that the application of governance has a widespread role for the sustainability of the family firm.

Keywords: Family Business, Succession, Conflict, Policy, Governance, Accountability, Transperancy, Fairness, Consensus Oriented.

INTRODUCTION

Family business is a company that is owned, controlled and run by members of one or several families, or managed by family members. Nevertheless, that does not mean that all employees in the company must a family member. Many family businesses, especially the smaller ones, employ non-family members to occupy low positions, while members of the family who owns the company hold higher position (i.e. top manager).