

Composing A Suitable Family Constitution as Governance System of Rajawali Mas

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ABSTRACT

The purpose of the study is to compose a suitable family constitution that can be accepted by all stakeholders of Rajawali Mas, which are the family members of Rajawali Mas. Accepted family constitution can be measured by how the main stakeholder or the first generation of Rajawali Mas is willing to implement it. This study uses a qualitative research method with a case study approach. This study uses the first generation and the second generation of Rajawali Mas who join the business as the internal informants, and benchmark company, expert in human resource, psychologist, and law as the supporter informants (external). The data collection in this study is carried out through interview, observation, and documentation. Furthermore, legislation and legal form of the family constitution of the previous family business or past research on it, will be used to support the composition of family constitution for this research. This study concludes that the proposed Family Constitution in this research is based on the results of in-depth interviews with internal parties as members of the Rajawali Mas family. Therefore, the model offered by the researcher is in accordance with the dynamics of the Rajawali Mas family and business. The results show three main aspects: family, ownership and business. The family constitution then consists of 16 articles that all members of Rajawali Mas family should use as a guide to run its business. However, the Family Constitution model offered in this study is a draft, whereby the management of Rajawali Mas can make changes, additions, or subtractions to the points contained in each article of this Family Constitution.

Keywords: Family Business, Family Constitution, Proposed Model

PRELIMINARY

Family business is a type of business that is run by families and has an important role in the economic development of a country. Family businesses are dominating in listed firms' ownership, especially in Indonesia, consisted of approximately 51% of listed companies and contributed at least 25% of the country's GDP (Damayanti et al., 2018). A recent survey of family businesses by Price Waterhouse Coopers (2019) is reported that the majority of businesses in Indonesia are in the form of family business.

A company is considered a family business when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family (Harm, 2019). However, family businesses are usually born without planned structure, which is built as time passes, and in some cases, decision making was based on empirical knowledge (Hernandez and Enriquez, 2017). Therefore, there are usually some possible disruptions that may be caused by changes in family circumstances, including wrong job placement that may cause conflict in personal career goals and desire, incapability and lack of interest in engaging with the family and the family business (Worrell et al., 2015).

Difficulties in the continuation of family business are mostly caused by conflicts between business interests and family interests caused by differences between family values and business values, conflicts between family members such as conflicts of purpose, lifestyle and work, conflicts regarding company control, and leaving the nest home), and conflicts between family and employees relating to professionalism and trust (Hadrinugroho and Mustamu, 2018). However, there is a solution how to increase family business sustainability, it's called family constitution. Family constitution is one of the important tools in the process of family business sustainability because it contributes to the management of the family business in principle of the company while maintaining the integrity and unity of the family (Yukselen and Yildiz, 2014). In general, the process of implementing Family Constitution can be carried out through five stages as shown in the following figure.

The family constitution process consists of five stages, namely: diagnosis, formulation, implementation, monitoring and evaluation. The diagnosis phase aims to understand how family members view the relationship between family, ownership and business. The formulation phase aims to identify the problems faced by families and make policies to resolve these problems. The implementation phase aims to help family members understand how to use the family constitution in decision making. The monitoring phase is to evaluate how it works in decision-making situations, then at the evaluation stage, family members review what policies can be applied and what policies need to be changed in family constitution (Botero et al., 2015).

Rajawali Mas is a family business that was established in Surabaya in 1990, with more than 25 years of experience in plastic recycling. Rajawali Mas has served a lot of companies and individuals domestically in completing most of the needs in plastic-based products. In both short-term and long-term recycling company, Rajawali Mas takes pride in giving its customers the freedom to choose from the wide variety of high-quality products, from a range of plastic mills, pellets, and several types of buckets as end products. Rajawali Mas is committed to give customers the highest standard of professional products with customized flexibilities to suit the needs of customers.

Rajawali Mas business has entered the age of 30 years, so the owner as the first generation plans to do a succession of the company's leadership. The Rajawali Mas family has three daughters who are planned to become the next company's successors in 2025. The CEO (father) and Manager (mother) as the first generation currently feel that the company's succession will be difficult, because both of them realize that the second generation of companies often have different perceptions regarding how business will run. For example, their

third daughter as company's operational manager prefer that customer service is more emphasized on facilities, not only about the employees' ability to provide services. This is often a trigger that causes the first daughter as an Accountant refuse to spend more capital on business facilities as requested by the third daughter.

Another problem in the family is the "tendency to pay more attention" by the parents as the first generation to one of their daughters, which often makes the second generation feel that "A" would be the one who has a huge opportunity to become CEO on the next business succession. It will of course encourage conflict in the future if there is no specific policy regarding who will be the successor of Rajawali Mas business. Additionally, Rajawali Mas family has three unmarried daughters, and by the time they get married, it will be very possible that new problems arise as struggle for power over Rajawali Mas business, which is triggered by the personal interests of each new second generation family. As a small example, assets in the form of land which currently may be appraised at 200 billion including machinery and inventory will become a barn of conflict that arises in the Rajawali Mas family if there are no definite arrangements for managing these family assets.

As the complexity of the family firm increases it then becomes necessary to create formal mechanisms of coordination, planning and organisation to govern family business, especially in the form of "Family Constitution" which can represent a fundamental instrument of management (Rodrigues and Marques, 2013) in the Rajawali Mas. As another research also confirm that family constitution can turn into a powerful tool for the management of the relationship between family membership and the benefits that can be obtained from the family firm (Botero et al., 2015) and family businesses that implemented a Family Constitution had significantly improved performance within 2 years after the implementation (Artaega and Menéndez-Requejo, 2017). Family Constitution is used because of it's comprehensiveness, touching on the family-ownership-business aspects of a family business.

METHODS

This study uses a qualitative research method with a case study approach conducted on Rajawali Mas Company in order to compose a suitable family constitution that can be accepted by the family as the stakeholders of Rajawali Mas. There are two types of informants used in this study. The first is the internal as the main informants, and the second is external as the supporter informants. The main informants (internal) including the first generation and the second generation of Rajawali Mas who join the business. The supporter informants (external) including benchmark company and the expert in human resource, psychologist, and law. The researcher uses a purposive sampling to choose the participants. As Yin (2017) state that the samples are likely to be chosen in a deliberate manner known as purposive sampling. The goal or purpose for selecting the specific study units is to have those that will yield the most relevant and plentiful data, given to the topic of study, to avoid any appearance of bias by choosing only those sources that confirm the research preconceptions on the topic.

Table 1: Informants' Profile

Name	Status or Position	Code
Mr. Indra Ganu Irawan	CEO in Rajawali Mas (First Generation)	1A
Dra. Ec. Goeniatuti	Manager in Rajawali Mas (First Generation)	1B
Ms. Ivanli Irawan	Accountants in Rajawali Mas (Second Generation)	2A
Ms. Ivance Irawan	Operational Manager in Rajawali Mas (Second Generation)	2B
Dr. Ir. Denny Bernardus, M.M.	Board of Executive at Ciputra Group of Family Business (Entrepreneurship, Corporate Entrepreneurship, Property Specialist, Professionals)	3B
Charly Hongdiyanto, SE.,	Lecturer at Ciputra University, Surabaya (Human Resource,	3H

MM., MBA., CPS	Operations, Entrepreneurship)	
Dr. Jimmy Ellya Kurniawan, M.Si., Psikolog	Lecturer at Ciputra University, Surabaya (Entrepreneurship Psychology)	3P
Sylvia Gunawan S.H Mkn	Law and Notary Expertise	3L

RESULTS AND DISCUSSION

The Diagnosis Stage of Rajawali Mas Family Construction

Botero et al. (2015) states that the purpose of diagnosis is to understand how family members view the family-ownership business relationship, to identify similarities and differences in points of view, and diagnose strengths, weaknesses, opportunities, and threat in the family ownership-business relationship. The diagnosis will be done based on the aspects of family-ownership-business, in which the points for each aspect will be measured according to the table as follow:

Table 2: Aspects of Family Constitution Measurement

Aspects	Important areas	Measurement
Family	Family characteristics	<ul style="list-style-type: none"> • Able to explain the number of family members correctly • Able to explain the number of family members involved with the business correctly • Able to explain the number of generations involved with the business • Able to explain every family member’s competence correctly
	Family dynamics	<ul style="list-style-type: none"> • Able to follow the norms and values that apply in the family • The first generation can socialize family values and norms to the second generation, while the second generation receive these values and norms in everyday life • Trust each other in family members • Able to communicate and share information well with family members • Accept the model of conflict management and resolution that applies in the family
	Family commitment to business	<ul style="list-style-type: none"> • Have the same feeling about the business • Have the same expectations about the business in the future • Able to accept all the shortcomings of a third family member • Able to accept all the shortcomings of each family members in running the business • Able to respect the family members’ strength in running the business • Have a high commitment in running the business
	Family governance Structure	<ul style="list-style-type: none"> • Have a family assembly • Have a high responsibility for their work • Accept all forms of the governance system as agreed upon by all family members
	Family adaptability	<ul style="list-style-type: none"> • Have a high ability to deal with business changes and use these changes as new business opportunity
	Quality of family-firm interface	<ul style="list-style-type: none"> • Able to mention those who can work in the family business correctly • Able to mention the position of those who join the business correctly • Able to mention how the business pay the family employees for their services correctly
	Family vision	<ul style="list-style-type: none"> • Able to state the future plans of the family business correctly • Have the same vision for the company
Ownership	General information about ownership	<ul style="list-style-type: none"> • Able to mention the owner of the company correctly • Able to mention how family members become business owners • Able to mention the value of the business correctly • Able to mention how the business value represent the family correctly • Able to state how the first generation taught the second generation how to be owner of the business correctly • Able to state the dividends policy of the business correctly

Aspects	Important areas	Measurement
		<ul style="list-style-type: none"> • Able to state the debt policy of the business correctly • Able to state the risk appetite of each family member the business • Able to the stock buyback policy of the business correctly
	Ownership expectations	<ul style="list-style-type: none"> • Have the same expectation for the business • Know how the expectation created in the business context • Know how the consequences of the expectations in the business context
	Ownership structure and governance	<ul style="list-style-type: none"> • Accept the ownership percentage as made in the Rajawali Mas Business Deed • Able to mention companies belong to the family business correctly • Able to do all jobs properly according to their duties • Have the shareholders do owners' council meetings • Have the general shareholders assembly
	Ownership strategy	<ul style="list-style-type: none"> • The first generation should have the succession plan • The first generation should have legal structures to protect and manage the ownership • The first generation should have a good strategy for managing all elements of the family wealth
Business	General information about the business	<ul style="list-style-type: none"> • Have the same purpose for the business • Know the characteristics of the business • Know the economic state of the business • Know the characteristics of the industry • Have prepared the selection mechanisms to recruit family members • Have prepared the termination mechanisms for family members • Have prepared the report mechanisms for the business • Have prepared the requirements for the couples or the other generation to enter the business • Have considered time when non-family business managers will join the business
	Governance structure of business	<ul style="list-style-type: none"> • Able to state their jobs and responsibilities • Able to state the interconnections between positions in the business • Have prepared when the external board director will be used in the future
	Organizational culture	<ul style="list-style-type: none"> • Able to do their organizational values in work life • Have the desire to accomplish their organizational mission • Able to the maintain the satisfaction, involvement, commitment of the business employees • Able to state the decision-making procedures used in business • Able to maintain the high quality of communication processes • Able to do their organizational norm and policies in work life
	Business strategy	<ul style="list-style-type: none"> • The business should make every family member to be able to support the business to have a better future • The business should be able to prepare all resources needed to maintain business operation • The business should be able to prepare all resources needed to maintain business operation in the future • The business should have the payment and evaluation systems linked to strategy performance • The business should have prepared the successor of the business in the future • The business should have prepared the succession plan for top management of the business in the future

Family Constitution Formulation

A. Evaluation Result on Family Aspect

Based on the results of interviews from internal and external parties, it can be concluded that,

1. Regarding the characteristics of Rajawali Mas family:
 - a. Rajawali Mas has five family members;
 - b. Four of them participate in the business: The father, mother, first daughter and third daughter;
 - c. Rajawali Mas currently has two generations involved in the business;
 - d. The father can think critically, the mother has competence in the field of finance, the first daughter competence in operational management, and the third daughter has competence in the field marketing.
2. Regarding the dynamics of Rajawali Mas:
 - a. Rajawali Mas family values are togetherness, upholding eastern culture, always doing good to others, manners, working well and discipline, and believing that every good deed will result good things and vice versa;
 - b. These values and norms are always applied in everyday life since childhood, both when communicating or doing activities at home or at work;
 - c. Every member of the Rajawali Mas family has a good relationship with each other;
 - d. Every family member trusts each other;
 - e. Rajawali Mas is a harmonious family;
 - f. Rajawali Mas only recruits main family members in the company, no relatives in law;
 - g. Every member of the Rajawali Mas family communicates important things in a good manner and shares information with each other to give their supports to other members of the family;
 - h. Conflict management and resolution approaches used in the Rajawali Mas family are by deliberation, communicating all problems in a good manner, and also being open to each other;
 - i. Rajawali Mas family tend to give mutual support related to their daily life and work
3. Regarding family commitment to business:
 - a. The first daughter felt less enjoy with the job responsibilities assigned to her, so her commitment to his family business arises because of a feeling about responsibility and obligation. Different from the third daughter who feel more enjoy because the work was part of the things she liked;
 - b. All Rajawali Mas family members hope that the business can continue to sustain and develop in the future;
 - c. All family members have common goal for the business in the future;
 - d. Aspects do family members like including togetherness and every family always helping each other;
 - e. When a problem arises at work, the problem is then brought home and vice versa is the most aspect they dislike about the Rajawali Mas family business.
4. Regarding family governance structure, it can be said that there is no clear of written policies regarding family assembly, family council, family president, family office, the committees to help with family issues, someone who promotes family activities, the future leader of family issues, the different roles in the family, and the responsibilities for each role inside the Rajawali Mas business.
5. Regarding family adaptability, Rajawali Mas family have a good ability to adapt to a business environment that continues to develop, due to continuous innovation, so that all family members have no fear of change, but make these changes as tools to make the family business grows.
6. Regarding the quality of family-firm interface in Rajawali Mas family:
 - a. Those who can work in the family business are only the main family members, including son-in-law, and their successors;

- b. The father is the Director, the mother is the Head of Finance, the first daughter is the Finance Staff, and the third daughter is the Head of Operation;
 - c. Directors and Head of Finance get a 25% bonus, Finance staff and Head of Operations get a salary with a 20% bonus, while the second child who is not involved in the business only gets a 10% bonus each month;
 - d. Son-in-law and their successors can join the company if they want to join the company and have the competencies that are in accordance with the business needs of Rajawali Mas in the future.
7. Regarding family vision, Rajawali Mas family vision can be identified as to improve the standard of living of the family of each family member and to contribute to environmental sustainability, especially in processing plastic waste, so that not only the Rajawali Masa family will benefit, but outsiders will also benefit.

B. Evaluation Result on Ownership Aspect

Based on the results of interviews from internal and external parties, it can be concluded that:

1. Regarding general information about ownership:
 - a. Rajawali Mas is owned by five owners as recorded in the company establishment deed, where the percentage of ownership of each member of the Rajawali Mas family is regulated in the deed;
 - b. Every main family member of Rajawali Mas will immediately become the owner, even they do not participate in the businesses run by the family;
 - c. The business values that Rajawali Mas have are professionalism, innovation, prioritizing profit but not leaving family elements, therefore, to create a better home and family;
 - d. Rajawali Mas business values are in line with their family values, to strengthen relationships between family members, foster motivation to develop and to make opportunities as a way to grow the company;
 - e. Parents as the first generation have trained their children to go directly into business, so that the second generation can be directly involved and understand the business activities and processes, and by continuing to teach and instill the values that exist in this business to the second generation from an early age;
 - f. The children involved in the business each get 20% of the dividend, the children who are not involved in the business get a smaller share of 10%, while the dividend for the first generation is 25% each;
 - g. The company's debt is divided according to the number of share ownership and the responsibility is in the company;
 - h. All types of risks faced by Rajawali Mas management, will still be tolerated by all family members as long as these risks can be overcome or accounted for;
 - i. If one of the members of the Rajawali Mas family intends to be released the ownership of the company, the shares he owns can be bought back by other family members.
2. Regarding the ownership expectations:
 - a. The business can continue to grow, increase profits, expand more widely, and can be passed on to the next generation;
 - b. These expectations were created because of the opportunities that were captured by the owners as the first generation, then use these opportunities to continue to grow the business so that expectation can be created;
 - c. All family members will be prepared to face various problems that may occur by continuing to innovate and use every opportunity to grow the business.
3. Regarding the ownership structure and governance:

- a. The children involved in the business each own 20% of the shares, but the children who do not participate in the business get 10% of the shares, while the first generation each owns 25% of the shares;
 - b. Since Rajawali Mas was founded in 1990, the company has expanded its business area from recycling plastic waste to restaurants;
 - c. Every member of the Rajawali Mas family has the right to ownership of the company and is responsible for innovating, maintaining the company, and developing the company by expanding or making innovations for new products according to market demands;
 - d. Owner's meeting is held once a week; and
 - e. General shareholders meeting will only be held when there is a change to the deed of business establishment.
4. Regarding the ownership strategy:
- a. The first-generation plan to pass the business down to their children as the second generation in the future;
 - b. Rajawali Mas has a company deed that explain the ownership aspect of each member of the Rajawali Mas family;
 - c. The Rajawali Mas strategy to manage all elements of wealth is by using half part of the wealth for the company's operations, while the rest is saved for dealing with difficult times or other emergency needs.

C. Evaluation Result on Business Aspect

Based on the results of interviews from internal and external parties, it can be concluded that:

1. Regarding the general information about the business
 - a. The establishment of the Rajawali Mas business had two main objectives. The first objective is to improve the standard of living of the family and as a place to work and increase business experience. Secondly, to be able to contribute to environmental sustainability, so that not only the Rajawali Mas family gets business benefits, but there are also outsiders who benefit because this company carries out recycling which emphasizes the importance of Go Green;
 - b. Rajawali Mas has been established since 1990, so that now the company is 30 years old, and the target market for Rajawali Mas is the upper middle class;
 - c. There are times when the company also experiences business instability, but the existence of other business owned by Rajawali Mas,
 - d. such as restaurants, have helped strengthen the economic condition of the Rajawali Mas business as a whole; d. The main characteristic of this recycling industry is the increasing competition in the industry and the increasing number of similar businesses;
 - e. Family members who want to participate in the business must first have the desire to cooperate in this business and contribute by giving energy and thoughts to develop the business in the future, including being responsible and having good competence are also other most important requirements so that family members can join the business;
 - f. Dismissal can be done if there are family members who cannot work professionally, so that the owner can deduct the number of shares that have been given to him after the dismissal is carried out;
 - g. All reports related to Rajawali Mas business development are reported to the first generation, namely father and mother, and/or older family members;
 - h. For non-family members, the most important requirements to be able to participate in business are experts in their fields or professionals, can contribute to business development, and have no personal interest in the business that Rajawali Mas runs;

- i. The use of non-family managers will be carried out in the context of further business development and for sustaining family businesses.
2. Regarding the governance structure of business:
 - a. Job can be defined as something that is done to earn income or reward for something he has done for this family business, while responsibility is an obligation to do a job in the form of an act and bear all risks arising from the results of actions committed by themselves or others;
 - b. Any job that has been assigned to each family member or other employee must be done in a professional manner and put personal or family matters aside at work;
 - c. Rajawali Mas currently does not have a board of directors that involves external independent parties.
3. Regarding the organizational culture:
 - a. The values adopted in the Rajawali Mas are professionalism, innovation, and prioritizing profit and kinship and care for the environment;
 - b. The mission of the Rajawali Mas company is to be able to adapt to the times, so that innovation becomes the main guideline, and perform business regeneration by involving and transferring business obligations to the next generation;
 - c. Non-family employees of Rajawali Mas are given a good salary and other additional facilities so that they have high loyalty to be able to work together and help achieve company goals;
 - d. Every decision remains in the hands of the owner, but owner also seeking for advice and negotiating with family members for suggestions or considerations;
 - e. Rajawali Mas families have good communication quality with their employees;
 - f. Rajawali Mas upholds togetherness, kinship and religion values.
4. Regarding business strategy:
 - a. In the future, the company is expected to grow even bigger and can be continued by the next generation;
 - b. Rajawali Mas vision is become a business that contributes to the environment and the country's economic development, can develop the company and the company's human resources, so that mutual prosperity is achieved;
 - c. Rajawali Mas family believes that the production material can be controlled for a long time, but the problem is related to human resources;
 - d. Payment of Rajawali Mas employees are based on quotas they earn, so they got the monthly salary and bonus for each quota earned;
 - e. The owner of Rajawali Mas has not yet identified who will hold the leadership in the future;
 - f. Succession plan for top management position will occur when the second generation marries and has a husband who is involved in the Rajawali Mas business, especially when Rajawali Mas was in a professional direction towards an enterprise family business.

The Proposed Model of Rajawali Mas Family Constitution

DRAFT OF FAMILY CONSTITUTION OF RAJAWALI MAS

BY THE GRACE OF THE ALMIGHTY GOD

THE OWNER OF RAJAWALI MAS

- Considering:
- a. whereas in order to realize justice and prosperity for family members who own the Rajawali Mas business based on the principle of kinship, the Rajawali Mas business needs to be carried out continuously in the future;
 - b. whereas in the implementation and development of the Rajawali Mas business, there can be various types of risks that need to be addressed by the nuclear family members of the owner of the Rajawali Mas;
 - c. whereas the Family Constitution of Rajawali Mas is a very important tool for the Rajawali Mas family during the family business sustainability process, so that it can contribute to the management of the family business based on the vision and mission of Rajawali Mas, by always maintaining the integrity and unity of the family;
 - d. whereas in order to increase the role of each main family member of the Rajawali Mas family, it is necessary to provide the widest possible opportunity for business successors, without neglecting the principles of innovation and responsibility, so that the Rajawali Mas business can become a source of wealth for the family; and
 - e. whereas in connection with these matters, it is deemed necessary to stipulate a Family Constitution of Rajawali Mas.
- In view of:
- a. Law of the Republic of Indonesia Number 30 Year 1999 Regarding Arbitration and Alternative Dispute Resolution;
 - b. Law of the Republic of Indonesia Number 40 Year 2007 Regarding Limited Company; and
 - c. Law of the Republic of Indonesia Number 20 Year 2008 Regarding Micro, Small and Medium Enterprises

With a Joint Approval of
THE SHAREHOLDER OF RAJAWALI MAS

HAS DECIDED

To stipulate: FAMILY CONSTITUTION OF RAJAWALI MAS

CHAPTER I GENERAL PROVISIONS Article 1

Referred to herein as:

1. Rajawali Mas is a limited liability company, abbreviated as PT, which is a legal entity that is a capital alliance, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares and meets the requirements stipulated in the Law of the Republic of Indonesia No. 40 Year 2007 regarding Limited Liability Companies.
2. The Family Constitution is a normative agreement relating to the role of each family member in business which is manifested in a written document as the basis for managing the family business, so that each family member understands his role and responsibilities.

3. Family can be defined as two or more people related to birth, marriage, or adaptation, who live together.
4. Family characteristics are characteristic traits or signs, which distinguish a family from other families. Family characteristics include the number of family members owned by the company, the number of family members who participate in the business, the number of generations involved in the business, and the competencies each family member has in the business.
5. Family dynamics are the strengths that the family has that can lead to changes in the system of daily family life. Family dynamics include values or norms that apply in the family, the extent to which these values or norms are conveyed to family members, the quality of relationships among family members, trust among family members, the level of family harmony, the role of the spouses in the family, the communication model used by the family, conflict management and resolution used by the family, and collaboration among family members.
6. Family commitment in business is a binding feeling or a psychological contract that family members have to achieve business goals. Family commitment in business includes things that are felt by each family member in the business, things that each family member expects in business, common goals (goals) of each family member in the business, things that are liked and things that individual family members in the business don't like.
7. The management structure is a description of the role or involvement of family members in the business. The structure of family management in business includes the form of a family forum owned by the company, family members who are leaders in the forum, family members who organize the forum's activities, the forum office, and the roles and responsibilities of each family member in the forum.
8. Adaptation is the ability of family members to reconcile or adapt the different goals of each family member to the business.
9. The quality of the interface in the family business is an illustration of the extent to which family members play a role in the business. The quality of the family enterprise interface includes the way the family deals with changes in the business, the family members who can participate in the business, the criteria used to allow family members to participate in the business, and the positions each family member can have in the business.
10. A vision is a view or insight into the future, while a mission is a task that families specifically want to achieve in business. The vision and mission of the family is the future plan that the family wants in the future.
11. Ownership is the parties that legally own the rights to all resources owned by the company.
12. General information about ownership in a family company is the proportion of family shareholders who actively participate in the company's decision-making process. This information includes: the number of family members who own the business, the requirements other family members need to become a business owner, the business values the company has, how these values can be represented by family members in the business, the ways the business owner uses it. to teach other family members to become business owners, the dividend policy that applies to the business, the debt policy that applies to the business, the expectations that the owner's family members have for the business, and how the business lives these expectations.
13. Hope in business is a basic form of belief that something you want will be obtained in the future. The owner's expectations for the business include the expectations that the owner's family has for the business, an overview of the process by which those expectations are formed, and the consequences the business owner must face to achieve these expectations.
14. The ownership structure of the family business is concentrated in the main family and uses the same company definition, namely using a certain percentage of ownership and there are representatives of family members in the company.
15. A business ownership strategy is a method used by family companies to protect family assets in the business. Ownership strategies in family businesses include matters related to ownership succession plans, whether there is a legal umbrella that protects and manages ownership, and strategies used to manage all elements of family wealth.
16. An executive in a family business is anyone related to the business that is being run, including family members, employed non-family members, and employees who own shares.

17. General information about the business in the family business includes business objectives, business characteristics, business performance, industry characteristics, mechanisms for choosing to recruit or employ family members, how to terminate employment, to whom business developments are reported, requirements given to non-family members for participate in business, and when non-family manager time is needed.
18. Corporate governance is an effort to direct (directing) and control (control) organizational activities. Governance in the family business includes the definition of duties and responsibilities of each member of management, the relationship between management positions in the business, and the presence or absence of non-family members of the board of directors.
19. Organizational culture is a series of social knowledge that the organization possesses regarding the rules, norms and values that shape employee attitudes and behavior. Organizational culture includes recognized cultural values in business, corporate mission, the definition of satisfaction, participation and commitment of employees, decision-making procedures used in business, communication processes among business members, and agreed norms and policies in business.
20. Strategy in business is a series of decisions and actions that result in the formulation and implementation of plans designed to achieve company goals. The business strategy includes a long-term business plan, business vision, availability of resources in the future, the performance evaluation system and compensation system used, identification of family business succession, and succession planning for top management positions.

CHAPTER 2 FAMILY ASPECT

Article 2

The family characteristics of Rajawali Mas family are as follows:

1. The number of family members owned by the company consists of 5 people.
2. The number of family members who take part in the business is 4 people.
3. The number of generations currently involved in the business is two generations;
 - (a) The first generation consists of: Indra Ganu Irawan as father and Dra. Ec. Goeniatuti as mother.
 - (b) The second generation consists of the daughters of Indra Ganu Irawan and Dra. Ec. Goeniatuti, namely: Ivanli Irawan and Ivance Irawan.

Article 3

The family dynamic of the Rajawali Mas family are as follows:

1. The norms that apply in the family are consensus agreement, togetherness, professionalism and commitment.
2. Family norms are conveyed through concrete examples to the next generation.
3. Family members have a close and trusting relationship, so that all problems can be resolved together by deliberation.
4. Each family member has a trust between one another.
5. Fellow sisters have full trust, are not suspicious of each other and are open to each other.
6. Every family member must be able to maintain family harmony by always working together.
7. Husband in the family have a supporting role in business and responsible to maintain and develop Rajawali Mas business.
8. Family communication is carried out through family meetings and discussions to decide something and solve existing problems.
9. Family conflict management is carried out by discussion based on mutual understanding to get a professional agreement.
10. Collaboration between family members is carried out to maintain family cohesiveness as one unit.

Article 4

The Rajawali Mas family member commitments on the business are as follows:

1. What each family member feels in business is passion and unity in running the business.
2. The hope of each family member in the business is that the business continues to grow and expand.
3. The goal of each family member is to develop the Rajawali Mas business.
4. What each family member likes in business is mutual support for one another.
5. What each family member dislikes in business are when problems at the office are brought home, or vice versa.

Article 5

The management structure of the Rajawali Mas family is as follows:

1. The family owner of the Rajawali Mas business has an informal Family Forum, which is an activity that is held when eating with the family.
2. The Family Forum is led by the father or mother as parent and the largest shareholder in the family.
3. The informal form of the Family Forum results in the absence of family members who organize forum activities, because the Family Forum can be held at any time, especially when having lunch or dinner with family members.
4. The Family Forum is located in the main house of the owner of Rajawali Mas, which is on Jl. Utara Kali Bader, No. 03 Wonoayu, Sidoarjo.
5. The roles and responsibilities of each family member in the forum are the same, in accordance with their respective responsibilities and the field they are working on.

Article 6

The adaptability of the Rajawali Mas family is as follows:

1. Each family member should have the ability to adapt with the business environment
2. Each family member should have no fear of business change.
3. Each family member should have the ability to turn the business changes as tools to make the family business grow.

Article 7

The quality of family-firm interface in Rajawali Mas family is as follows:

1. Those who can work in the family business are only the main family members, including son-in-law, and their successors.
2. The position that each family member can have in business is Top Management.
3. Son-in-law and their successors can join the company if they want to join the company and have the competencies that are in accordance with the business needs of Rajawali Mas in the future.

Article 8

The vision of Rajawali Mas family is as follows:

1. To improve the standard of living of the family of each family member.
2. To contribute to environmental sustainability.

CHAPTER 3 OWNERSHIP ASPECT

Article 9

General information about Rajawali Mas ownership are as follows:

1. Rajawali Mas is owned by five owners.

2. Every main family member of Rajawali Mas will immediately become the owner, even they do not participate in the businesses run by the family.
3. Rajawali Mas business values are to strengthen relationships between family members, foster motivation to develop and to make opportunities as a way to grow the company.
4. Parents (the first generation or they successors) should trained their children to go directly into business, so that the next generation can be directly involved and understand the business activities and processes, and by continuing to teach and instill the values that exist in this business to the second generation from an early age.
5. Rajawali Mas children who involved in the business get a shared of 20% dividend, the children who are not involved in the business get a shared of 10% dividend, while the dividend for the first generation is 25% each.
6. The company's debt is divided according to the number of share ownership and the responsibility is in the company.
7. All types of risks faced in business are responsibility of all family members of Rajawali Mas.
8. If one of the members of the Rajawali Mas family intends to be released the ownership of the company, the shares they own can be bought back by the company and it will be shared equally to each member of the family in the business.

Article 10

Ownership expectations about Rajawali Mas are as follows:

1. The business should continue to grow, increase its profits, expand more widely, and can be passed on to the next generation.
2. These expectations were created because of the opportunities that were captured by the owners as the first generation, then use these opportunities to continue to grow the business so that expectation can be created.
3. All family members will be prepared to face various problems that may occur by continuing to innovate and use every opportunity to grow the business.

Article 11

Ownership structure and governance of Rajawali Mas business are as follows:

1. The children involved in the business each own 20% of the shares, but the children who do not participate in the business get 10% of the shares, while the first generation each owns 25% of the shares;
2. Every business expansion did by Rajawali Mas should be managed with the knowledge of all family members. The businesses that Rajawali Mas currently owns are:
 - (a) Plastic waste recycle plant
 - (b) Restaurant
3. Every member of the Rajawali Mas family has the right to ownership of the company and is responsible for innovating, maintaining the company, and developing the company by expanding or making innovations for new products according to market demands;
4. Owner's meeting is held once a week at the Family Office.
5. General shareholders meeting will be held when there is a need to change to the deed of business establishment. It will be held at the Family Office.

Article 12

Ownership strategies of Rajawali Mas business are as follows:

1. Always passing down the business to the next generation in the future.
2. Ownership aspect of each member of the Rajawali Mas family is written in this Family Constitution (See Article 9(5) and 10(1)).
3. The Rajawali Mas strategy to manage all elements of wealth is by using half part of the wealth for the company's operations, while the rest is saved for dealing with difficult times or other emergency needs

CHAPTER 4 BUSINESS ASPECT

Article 13

The general information about Rajawali Mas business are as follows:

1. Rajawali Mas business goal are to improve the standard of living of the family and to be able to contribute to environmental sustainability.
2. The target market for Rajawali Mas is the upper middle class, and it can be change based on market opportunity in the future.
3. Innovation in needed to be able to face the uncertainty of economic condition.
4. The main characteristic of this recycling industry is increasing competition in the industry and increasing number of similar businesses; therefore, innovation is the key to success.
5. Family members who want to participate in the business must first have the desire to cooperate in this business and contribute by giving energy and thoughts to develop the business in the future, including being responsible and having good competence are also other most important requirements so that family members can join the business.
6. Dismissal can be done if there are family members who cannot work professionally, so that the owner can deduct the number of shares that have been given to him after the dismissal is carried out.
7. All reports related to Rajawali Mas business development are reported to the first generation (father and mother), and/or older family members.
8. For non-family members, the most important requirements to be able to participate in business are experts in their fields or professionals, can contribute to business development, and have no personal interest in the business that Rajawali Mas runs.
9. The use of non-family managers will be carried out in the context of further business development and for sustaining family businesses.

Article 14

The governance structures of Rajawali Mas business are as follows:

1. Job can be defined as something that is done to earn income or reward for something, while responsibility is an obligation to do a job in the form of an act and bear all risks arising from the results of actions committed by themselves or others.
2. Any job that has been assigned to each family member or other employee must be done in a professional manner and put personal or family matters aside at work.

Article 15

The organizational structures of Rajawali Mas business are as follows:

1. The values adopted in the Rajawali Mas are professionalism, innovation, and prioritizing profit and kinship and care for the environment.
2. The mission of the Rajawali Mas company is to be able to adapt to the times, so that innovation becomes the main guideline, and perform business regeneration by involving and transferring business obligations to the next generation.
3. Non-family employees of Rajawali Mas are given a good salary and other additional facilities so that they have high loyalty to be able to work together and help achieve company goals.
4. Every decision remains in the hands of the owner, but owner also seeking for advice and negotiating with family members for suggestions or considerations
5. Every member of Rajawali Mas families should have a good communication quality with the employees.
6. Rajawali Mas upholds togetherness, kinship and religion values.

Article 16

The business strategies of Rajawali Mas business are as follows:

1. In the future, the company is expected to grow even bigger and can be continued by the next generation.
2. Rajawali Mas vision should become a business that contributes to the environment and the country's economic development, can develop the company and the company's human resources, so that mutual prosperity is achieved.
3. It is important for the family members to maintain a good relationship to all employees of Rajawali Mas.
4. Payment of Rajawali Mas employees are based on quotas they earn, so they got the monthly salary and bonus for each quota earned.
5. Those will hold Rajawali Mas leadership in the future will be decided in Family Council.

**CHAPTER V
CLOSING PROVISIONS**

Article 17

As the closing provision:

1. Owners decision as the implementation of this Family Constitution shall be stipulated by no later than 12 (twelve) months or 1 (one) year as of the promulgation of this Law.
2. Every members of Rajawali Mas family should use this Family Constitution as guidance for Rajawali Mas family.
3. Regarding the distribution of positions in management, distribution of dividends, and management of debt, are regulated in separate regulations which are also legally passed in front of family notary.

Passed in

At the date of ...

THE OWNER OF RAJAWALI MAS

I	II	III	IV	V
Sign	Sign	Sign	Sign	Sign

CONCLUSION

Based on the results of data analysis and discussion of this study, it can be concluded as follows:

1. The proposed Family Constitution in this research is based on the results of in-depth interviews with internal parties as members of the Rajawali Mas family. Therefore, the model offered by the researcher is in accordance with the dynamics of the Rajawali Mas family and business. A complete model of the composition of the Family Constitution of Rajawali Mas should be prepared by the legal consultant or notary of the Rajawali Mas family.
2. The result show three main aspects: family, ownership, and business. The family constitution then consists of 16 articles that all members of Rajawali Mas family should use the constitution as a guide to run its business. The Family Constitution model offered in this study is a draft, whereby the management of Rajawali Mas can make changes, additions or subtractions to the points contained in each article of this Family Constitution.
3. Based on interview results, stakeholders showed big interest in implementing a family constitution, being aware of all its benefit and accepting the nature and shortcomings that may come from the structure of a family business and the plan of expanding it. With the making of this constitution, encompassing all the family-ownership-business aspects of

Rajawali Mas, the sustainability of it is predicted to be strengthened, even if Rajawali Mas will undergo a succession process soon.

4. It is important for the first generation to maintain this business in the future so the second generation will make it happen. However, there are also rights, obligations and responsibilities for each family member as second generation who is basically also a member of the company. By noting this intention, forming a family constitution is very important for Rajawali Mas to increase its business sustainability. As the first generation of Rajawali Mas also hope the business can be passing over to the second generations, so Rajawali Mas business should be maintained in the future. The family constitution will not only emphasize the role of each family member, but also expected to be a forum for the family to determine keeping the culture, hope, achieving success, and determining the people entitled the corporate leadership in the future.

Suggestions that can be given based on the results of this study are as follows:

1. The results of this study indicate that the Rajawali Mas family does not yet have a structured Family Forum, so the Rajawali Mas family needs to create a Family Forum with a clearer structure. The structure of the Family Forum includes:
 - a. A written statement of the purpose of the Family Forum, which explains the importance of the Family Forum.
 - b. Periodic detailed meetings, how is the format and agenda for the meetings developed and what should be entered regularly? How often do you meet, where and for how long?
 - c. Organizing a structured Family Forum, related to who will fill the role of organizing the Family Forum? How do people in Top Management coordinating their work?

It is hoped that a more structured family forum will support the implementation of the Family Constitution or Rajawali Mas.

2. For future researchers, the results of this study provide a great opportunity to conduct research using quantitative methods that aim to determine the percentage of family constitution use in family companies in Indonesia, on a regional or even national scale. Thus, the results of further research can provide generalizations about the description of the use of the family constitution in family companies in Indonesia.

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