

## **SUCCESSION PLANNING PT. TECH OIL INTERNATIONAL**

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### **ABSTRACT**

*Family business plays a role and contributes greatly to the economic growth of the world in general and a country in particular. The focus of this research is directed at the succession planning process that will take place in PT. Tech Oil International. Succession planning process plays an important role in the sustainability of family business. To produce an effective successor candidate, the next generation needs to be involved in the planning process. Therefore, this study is aimed to describe the succession planning effectiveness at PT. Tech Oil International. This study uses qualitative approach. Interview is used as data retrieval method in this study. The validity of the study data was tested using triangulation technique of subject and time by interviewing the first generation of PT. Oil Tech International, the corporate secretary, and the general manager. Additionally, two triangulations were performed by asking the same questions in different language and time to the owner's wife and the prospective future generation. The findings of this research include education, gender, and professional mentoring. This research also suggests that the company has gradually performed succession planning. A good planning on future successors has also been done. The mentoring and professional coaching process has run smoothly and naturally. However, the company has yet to have an institutionalized training program.*

**Keywords:** Succession planning, Family business

### **INTRODUCTION**

Based on research Lorna (2011) obtained the fact that the company is a family business that will be deployed in the next generation in a family where the family will manage and control the business.

Most of the family company engaged in the ongoing conflict to compete for power within the company. Many of the problems surrounding the family business with respect to succession planning within the company. In general, the authorities realized that a family company with good planning will get the leader of the new company with good quality and acceptance of most of the components supporting the family company.

### **FORMULATION OF THE PROBLEM**

The focus of this research is directed at how the succession planning process that will occur in the PT. Tech Oil International.

How does the process of succession planning that existed at the PT. Oil Tech International?

## **EXPOSURE DATA**

### **Succession Planning**

In discussing succession planning, need to be discussed also support leadership and succession planning processes. Ward says that 40% of all companies in the world to anticipate or are facing the succession process at this time, the business delegation of senior generation that is being mastered business leadership and ownership to the next generation. Historically, approximately 50% of family firms fail to delegate it to the next generation.

Still according to Ward, about 25 years ago, only 5-10% of family firms in the United States owned and run by a team of siblings. The rest headed by single leaders, especially men. Today, 40-50% family firms in the United States will be owned & led by groups of brothers. The following illustration is an example of a fundamental trick in succession planning. In a family company, say there are 8 people sons and daughters (P1-P8), while the current generation there are 5 people. In connection with the election of the son or daughter of the crown, there are two fundamental errors that often occur. First, the criteria for the sons and daughters crown too quickly determined. In fact, all eight sons and daughters have had different conditions. Old Genereasi see there is one that stands out, say P3. Then P3 is said to be the crown prince. What happens, mutual envy. Commotion ensued, including between husband and wife.

### **Importance of Succession Planning**

Speaking about the succession in family enterprise, the spirit and the baton was passed down to the next generation. Why is this important ?. First, because continuity is imperative prepared to prevent Prince Charles Syndrome. Prince Charles who are older than 50 years is still a crown prince, and we do not know when he would be king. While his mother, Queen Elizabeth, has been aged more than 70 years and there has been no sign down from the throne. If for example, his mother died at the age of 100 years, whether Prince Charles should wait another thirty years to become king? Second, if the first-generation pension or facing the Lord, the company is expected to remain good and running smoothly. The third reason is to maintain family harmony. If really it is time for the children to play a major role in the company, should the founder or owner started to write a book to share their experience and wisdom. It could also set up a foundation, teach and not struggling with the company again so that the children or the sons and daughters of the crown did not have Prince Charles Syndrome.

The syndrome is not to occur in the family company, if the next generation is ready and able to run the company, then the parents should leave the company. If this is not done then the business will become stagnant and could not soar because of the role of parents as the first generation still took part in the company and to think about is how to keep the second and third generation family company and can continue the baton smoothly transition, the Tech Oil International involvement of second generation is still accompanied by a professional as an alternative so that future generations do not experience the syndrome.

### **Indicators of Success Succession**

Openness in the company also have an impact on employee performance, because with the openness of leaders able to hear and to know what is complained of by the employees. Employee complaints about anything that concerned the work will be bad for the company, with the openness, the leader will adjust to minimize or resolve employee complaints in order not to decrease the performance of employees who hedge loss in the company. With so employees will feel valued by the leader as welcome to express opinions and complaints about problems experienced.

Attention as well as freedom of speech given to employees like a treat employees or others like family also will have an impact on employee loyalty to the company. In addition to the attention of superiors and freedom of speech is given, a leader must provide rewards for employees who have contributed in advancing the company. While employees who have performed above average, both the company and the leader must give the employee the opportunity to take higher education and raise its position in the company. If a leader do that, then also increasing loyalty and greater contributions made by employees. In the presence of all these things, then there is no reason for employees not to take part in the process of advancing the company.

### **Research Findings**

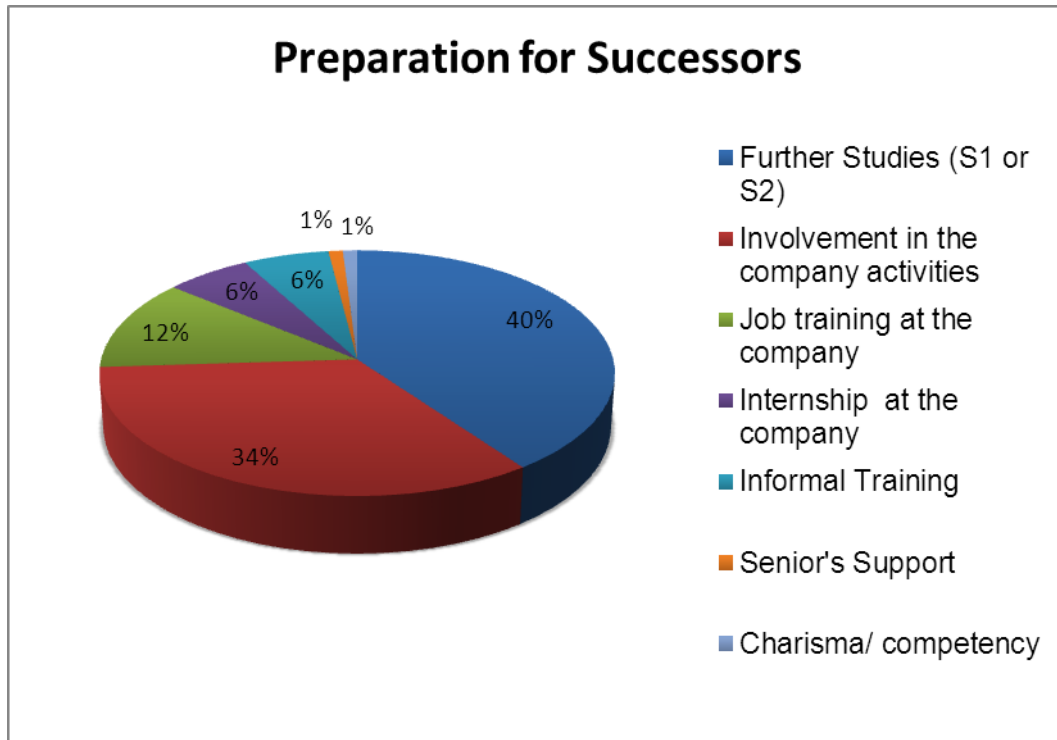
#### **Education Being The Very Important**

Initial stages can be done by the owner of the succession is the motivation, where motivation will be able to provide a great keingina for potential successors to replace the position of the owner of the company. The motivation that can be granted by the owner of the company exists in the form of a few percent of the shares of the company. But the way it still can not be said enough, pemilk should encourage and provide support for potential successors to study and pursue from the field of the company '. It required intensive assistance in order to be a worthy successor candidate to be the successor of the owner of the company

The next stage is the stage of education. In the process of preparing the company turnover throne holder, replacement candidate should prepare by improving pengetahuan knowledge and expertise so that later can be peganggan to lead the company. However, not only the education and skills necessary level but also ethics and personality is also very necessary. Because in all the work must meet other people and it certainly requires socializing.

Education is one of the things that are important today, especially education regarding business management. Education has also become a benchmark when a successor has been included in the company and become a leader. When the successor has a lower educational or not similar board of directors, it will be the talk by the subordinates who berdmapak on a reduced sense of respect among subordinates to superiors. Education also support the knowledge of the successor to the outline of the management company, the successor of education also mempu create strategies and make decisions for the company. Their knowledge of education that has been taken, the successor to at least know the management of the company broadly useful to know that fraud will be carried out by parties from within the company.

The graph below shows the preparations are being made to support succession planning. As many as 40% of respondents send a potential successor to the bachelor or master, 34% began to involve a potential successor in the activity of the company, 12% to involve in the job training in the company. Other preparation is to include them in Intership (internship) in another company and informal training (each 6%), and there were only based on the support of senior (1%) and the charisma or competence concerned (1%).



**Figure 1. Preparation for the Successor**

### **Second Generation involvement accompanied by Professional**

The success of succession in family businesses should start before the successor in full control of the company through succession planning that has been designed by the previous generation. Stages succession planning requires a long process for the previous generation, therefore succession planning should be considered carefully. Indicators of success succession is very important to note because without it can not achieve success in a company succession. Some indicators that exist in the company Tech Oil International which could work together on the next generation and can regulate employees, managers and finance because employees are a major asset in the company, is expected to be the next generation of loyal, employees work cooperatively toward delegating such work carelessly, the next generation who have also had to be replaced legowo, and the approval of the family of the person who was appointed as successor.

For prospective successor of the second generation, the figure is often referred to as a "pioneer of independence", namely senior employees who co-founded the Vendor as a mentor will help speed up regeneration. They are friends or people who have a close relationship with and emotional closeness with the company's founder. The values instilled by founder is ingrained in them, although competence may be lower. "Pioneer independence" is generally ripe not just hammered age but also the experience that tends to wise and suitable acts as a liaison between the founder and the next generation. Mediation is very helpful to reduce the friction that may occur between the founder and the prospective successors.

"Pioneer independence" could play a role not only in the phase of preparing leaders next regeneration but also accompany, say as an advisor. This position is more secure than the conflict compared to eg structural positions within the company. If the "Pioneer independence" is still structural positions within the company, there are likely to impede the advance of the

company because of their age and competence as well as the absence of a willingness to change. If this advisory role has been deemed not fit as well, "pioneering independence" can be placed on public awareness activities through the values, ethics, and practices of a company that merges life in society.

### **Gender differences Highly Influential in PT. Tech Oil International**

According to the United Nations Development Programme in 1997 as many as 500 large companies in the world known to only 12 of them are run by women CEOs. What numbers are staggering, as well as a very high disparity between women and men who occupy positions on a corporation (CNNMoney, 2011). These companies such as Yahoo, Xerox, Pepsi, KraftFoods, etc. Studies conducted Hansen and Ibarra (2009), published in the Harvard Business Review also shows that from 2000 the company's leadership, found as many as 1.5% of women CEOs. According to this study, the difference in the treatment of female employees in high positions become the main reason why the number of women in CEO positions is very low. First, women who occupied the post of CEO mostly placed when the company into bankruptcy so that women will replace men. Second, senior executive women are still concentrated in the areas of consumer goods and media. Yet many women occupy important positions Emitter company engaged in fields such as computer technology, biotechnology, heavy equipment industries. Third, the role of the media is very gender bias in the appointment of the CEO giving women than men.

Hartmann (1976) and Walby (1986) in Jackson (1998: 30) calls patriarchy is based on the control of men over women work. Hartmann further using historical analysis that development is characterized by the capitalist and patriarchal society has an impact on gender discrimination-both at home and at work. The social position of men are much more profitable so as to prevent women entering the types of work that requires skill and a decent wage that marginalize them in the labor market. A vicious cycle that traps women in disadvantage in penetrating the labor market is forcing women to rely on the marriage in order to survive. Through marriage, female household domestic service exchange with their living expenses. Because the burden is very heavy domestic work, women end up being unable to compete in the labor market on an equal footing with men. Thus these misfortunes continued bondage socially reproduced through marriage. Women as a set of cheap labor, flexible, easily removed and fired.

According to data from the year 2013 on training institutions and events based in London, Terrapinn, launched 15 most influential women in the world are engaged in the sectors of oil and gas industry. Content Executive Terrapinn, Cristina Lando, stated, despite the oil and gas industry is still dominated by men, the number of women working in this sector continues to grow over the last few years. This list shows the women managed to penetrate the boundary, reaches a management position, and make a major contribution in the oil and gas sector in Terrapinn page. These women lead the world oil and gas companies and prove that the energy sector can also be done by women. They can be a role model for many women in the world.

### **RESEARCH METHODS**

The approach used by the authors is a qualitative approach. According Sugiyono (2009: 15) is a qualitative research study that is based on the philosophy positivism, used to examine the condition of natural objects, (as his opponent is an experiment) where the researcher is a key instrument, sampling data sources is done by purposive and snowball, collection techniques triangulation (combined), data analysis is inductive or qualitative and qualitative research results further emphasize the significance rather than generalization. The collection of data is the most important step in the study, because the main goal of the

research is to get the data. Without knowing the techniques of data collection, the researchers will not get the data that meets the standards specified data. According Sugiyono (2009: 309) explains that in qualitative research, data collection is done in a natural setting (natural conditions), the primary data source, and data collection techniques more on participant observation (participant observation), in-depth interviews, and documentation. Various data collection techniques are observation, interviews and documentation. In this case study the researchers used in the study of them. three informant interviews to the first generation of PT. Tech Oil International, corporate secretary, general manager and two triangulation, the wife of the owner, prospective future generations by way of asking the same thing with different languages and time. Interviews were conducted on 11 May 2014 at Wisma Metropolitan I Lt. VII, Jl. Kav.29 Sudirman, Jakarta.

## **FINDING**

### **Education**

Education is a very important thing that has been applied by the company to potential successors, where the majority shareholder gives the provision of education to the successor, the view that the highly regarded Master graduates and better understood. Minimum Education master the most important thing for a potential successor. In addition to high academic education, a potential successor to be in the Arm with religious education provision which provides for the strengthening of religion in the family and taqwanya faith in God Almighty, the next generation will understand the devotion which is good and which are bad. In the process of succession, the next generation is obliged to increase the knowledge and expertise to be a capital that can be utilized for the success of the next generation carry out strategic tasks, work experience outside the company before joining the family company will also provide added value, therefore, before actually entering the enterprise, the next generation must maximize the opportunity to learn and are expected to gain employment outside the company.

The next generation (the first child of women) said he just graduated bachelor of accounting management from the Faculty of Business and Economics, acknowledged that the knowledge and experience of doing business is still very minimal, ie to be marketing the event held by the subjects during the course entrepreneurship for one semester 6 (six) months and Job Training in the division of raw materials for 3 (three) months in PT. Semen Gresik. As for the next generation (the second man) is a graduate bachelor of IBM (International Business Management) in which the second child has more experience in the business world, for this second time the next generation is being educated S2 equally majored corporate entrepreneur, who where at the lecture not only learn theoretically but also learn about how to find a solution to a problem that exists in the company as well as the plunge and begin direct discussions on small-scale enterprises, medium and large. The activity will directly make the next generation more or less know how the conditions that exist in the company outside and add a lot of insight.

It has been directed by first-generation as parents so that future generations will be able to work better and are expected to make the company better, notice of it researchers noticed that the education and experience that has been pursued by the next generation is very helpful in knowing the next generation little by little about the business and corporate world.

### **Second Generation involvement accompanied by Professional**

Knowing the state of the field and direct review of how the state of the field is extremely important, especially before plunging in succession as early as possible should know how the state of the field, who are his clients and how to deal with it. At the PT. Tech Oil International boys became the main target to know in advance the state of the pitch, with their capital IBM

undergraduate education be a plus and be one step ahead because many have little understanding and know the basics of how to do business.

### **Gender**

Gender differences become a very major consideration in choosing who deserves to be the successor of the company. The boy became the main focus became the leader. Men and women have the same rights and obligations in the leadership structure. Today many who invites her husband during his wife's career in their field and are not able to leave their nature as female. A succession of corporate leaders should seriously prepared, who really meet the criteria of a leader he will continue to control the company. The idea that men deserve to be a leader is too fast and it can be said that it has become a fundamental error, the selection of boys who deserve reliable and become leaders feared could bring up a fuss and mutual envy among families. This is done for reasons of biological children of men easily controlled and agile and resilient to work in the field or in the office, while in this company, the girls in the setting of a companion or partner in the decision-making discussions.

### **CONCLUSION**

From the results of research and analysis conducted by researchers at the PT. Tech Oil International, the writer can give the conclusion that:

1. Succession planning is very important especially in the Family Business.
2. Each company has a family of its own story.
3. PT. Tech Oil International, the first generation has thought succession planning and the most important is the education level of the successor and understanding that men are more suitable in the field, while women are more fits in the office.
4. There that women follow her husband and the man responsibility to continue the family business.

**Table 1. Differences between PT. Dharma Samudera Fishing, PT. Riski Propertindo Prima and PT. Pure Ivory is based on the findings of existing research at PT. Tech Oil International.**

Temuan Penelitian	PT. Dharma Samudera Fishing Industries	PT. Riski Prima Propertindo	PT. Gading Murni	PT. Tech Oil International
1. Pendidikan	X	✓		✓
2. Keterlibatan generasi penerus dengan pendampingan profesional				✓
3. Gender		✓	X	✓

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