

LEADERSHIP ROLE AND ORGANIZATIONAL CULTURE IN THE SUCCESSION PLANNING OF PT DABN

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ABSTRACT

This research aims to describe the role of leadership and organizational culture in the succession planning of PT DABN. The background of this research is to illustrate the company's needs about what kind of leadership roles and organizational culture which can be applied in PT DABN's succession planning. But still, there are several things that do not fit with current circumstances, so they need a concept of leadership roles that suitable with the organizational culture. The prospect, after the result is out, will be used as a reference for the leadership in next generation (succession). This research is done by using qualitative research and interview methods. The result of this research proves that leadership roles has been going well, but there are several things that hasn't run optimally, such as the communication sector, the willingness from the leader to educate his employee, and founder's mentality towards the company's employees. The organizational culture in PT DABN hasn't run optimally yet because of the SOP and lack of evaluation from the leader. Coaching and rewarding aren't fully granted. The successor already has an ability to be a leader, but he must learn more and needs motivation to increase his desire to learn.

Keywords: Family business, leadership's role, organizational culture, succession, founder's mentality

INTRODUCTION

Family enterprise is a type of company that has big contribution in the global economy, especially in Indonesia. An organization is called a family enterprise when there is an involvement of two generations in the family that give influences in family policies. (Donnelley, 2002 and Susanto, 2007 in Mustamu, 2015).

According to The Jakarta Consulting Group, 88% of private companies in Indonesia are family enterprises. This is showing that family enterprise has a really big role in the economy. The successful achievement that has been achieved by the family enterprise can increase the job opportunity in a country. As the founder of their company, they definitely want their company to last for a long time. Hence, many of them engage their family members to do the business together in the company in order to have a successor of the business that has already built (Novalia, 2016).

According to Susanto et al (2008), one of the issue in family business that is important to be noticed is about succession. Succession is a leadership and ownership transition from the old generation to the younger generation. The emerging issues in succession is the unclearness of the succession plan and the conflict between the candidates of the successor. The matter that

must be noticed in the succession plan is this leadership transition must not produce any obstacles in the business activity, which can bother the company's business performance.

PT DABN was founded on April 27, 2000 in Surabaya, started by its founder as the contractor for underwater work. The founder of this company is Mr. B. Haryono (59). He has a son named Mr. DK (37) and two daughters named Mrs. EN (35) and Ms. SN (22). Mr. B. Haryono is already near to the retirement age, so he needs to think about the leadership transition in the company. Besides, his children have been mature enough to continue the leadership and becoming his successor.

Because this company is a family business, so in his leadership, Mr. B. Haryono applies some of the family cultures in the work circumstances. However, there are some unnecessary matters which didn't fit with the condition inside the company. So that, we need a leadership concept based on the leadership theory and organizational culture. After getting the result, we can apply it as the reference for the next leadership.

LITERATURE REVIEW

Succession in the Family Enterprise

According to Susanto et al (2008), one of the issue in family business that is important to be noticed is about succession. Succession is a leadership and ownership transition from the old generation to the younger generation. The emerging issues in succession is the unclear succession plan and the conflict between the candidates of the successor. The matter that must be noticed in the succession plan is this leadership transition can't result obstacles in the business activity, which can bother the company's business performance.

Succession is a really important stages and become the determinant for the family business. According to Brockhaus (2004) in Prasetya and Mustamu (2014), something that matters in the succession is the family's attitude. If the family doesn't support the successor, it will give a bad impact for the family business.

Succession Planning in the Family Enterprise

Succession planning is started with determining the criteria. Alcorn (1982) in Theresa and Mustamu (2015) said that there are some criteria needed by the candidates of the successor, they are (1) the ability to adapt, (2) having interest and participation, (3) having a vision for the company, (4) having empathy, (5) having competency with knowledge, skill, and high performance, and (6) having passion.

Leadership in the Family Enterprise

Parallel with the business and management world development, including the leadership theories, a family enterprise needs to apply a more universal leadership concept. The Jakarta Consulting Group developed Quantum Leadership Concept which is very relevant if we apply it in the family enterprise. There are three basic philosophy of Quantum Leadership Concept:

1. Leadership Roles to See, Dream, and Perform

A leader shall understand the reality inside and outside the company, accept the situation and circumstances, and also making a future goal based on this reality.

2. Leadership Roles to Change

A good leader will guide the followers to make them a good leader for their selves.

3. Leadership Roles to Drive

A Quantum Leader shall think about the direction that will be chosen for achieve a vision, and estimating how far they will go to achieve the vision and doing the right things.

Organizational Culture

According to Azanza et al (2013), organizational culture is the set of shared values and norms that controls organizational members' interactions with each other and with people outside the organization. The organizational culture is linked with the employee's work satisfaction, leadership, and organizational effectiveness.

Miller (1984) said that an effective company is a company that cultivate eight cultural values called principles, they are (1) aim principle, (2) excellence principle, (3) consensus principle, (4) unity principle, (5) performance principle, (6) empiricism principle, (7) intimacy principle, and (8) integrity principle. If Indonesian companies can use those principles, it will create an effectiveness, productivity, and efficiency that can give positive impacts for the society.

Founder's Mentality

Founder's mentality is the key from the competition among young companies to become a bigger companies. However, how big the company will be, if they have founder's mentality, they will always be obsessed to be the front guard of their company, having a full responsibility towards the employees, products, customers, and also the decision for the business.

RESEARCH METHODS

This research used qualitative methods, where this research has an aim to understand a phenomenon in the social context that putting the communication and interaction forward between the researcher and the objects of the research (Herdiansyah, 2012).

This research took place in Surabaya, where PT DABN is located, and the researcher did the research for 10 days.

The sampling method that was used for this research is Non Probability Sampling, where the individual or the population unit doesn't have the same probability to be chosen. There are certain considerations for choosing the sample (Herdiansyah, 2012).

The unit of analysis that is used in this study is the individual (informant). Individual analysis units are selected to explore individual knowledge and opinions as supporting data in the analysis. The informants used are the owner of PT DABN, the successor of PT DABN, an employee of PT DABN, and an expertise in Human Capital Management.

Data collection methods in this study using data promer and secondary. Primary data is data obtained by self through interview and observation. Secondary data, ie data obtained from second source through document / literature study.

Data analysis from this research is done by analyzing every aspect that is studied, those are leadership's role, organizational culture, and succession.

The data can be declared valid if there is no difference between the reported by the researcher with what actually happened to the object under study. According to Yin (2009), there are four kinds of testing to validate data through construct validity, internal validity, external validity, and reliability.

RESULTS AND DISCUSSION

Leadership

From this research, we got the results as follows:

	Theory that has been applied	Explanation
Advantages	Leadership's Role to See, Dream, and Perform Leadership's Role to Drive	Having colleagues and networking to obtain the project PT DABN is one of the biggest underwater company in Indonesia
Lack	Leadership's Role to Change Founder's mentality	One way communication from the leader to the employee The employee doesn't have owner's

		mindset
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PT DABN has already been trusted for handling 50 national and international projects for 17 years after it was founded. The vision of PT DABN is to become a salvage and underwater services company in Indonesia that can be trusted in national and international scale. With that vision, Mr. B. Haryono attempts to achieve it by doing the required stages and looking at the future to develop the company to be a better company. This matter is fit with a theory from The Jakarta Consulting Group where Mr. B. Haryono has already done his role as a leader that can build his imaginary building about the organization's future and stand on the reality. It can be seen from the amount of projects that were offered to PT DABN because of their "good image" and big network.

Something that is need to be fixed from the leadership in PT DABN is the communication between leader and employees. As it happens in PT DABN, the leader assumes that he has already done the best and giving discretion to his employee to make innovations, but the employees still think that this leadership still come from the leader itself. By widening the communication, they can reduce the misunderstandings between the leader and employees.

A small company has a few advantages from a few sides. Employees in a small company can make a decision when they have something called owner's mindset (Zook and Allen, 2016). However, the condition in the company is showing the absence of this mindset. A company has an owner's mindset when the employees have a feeling to own the company and want to make this company bigger. But, the condition in PT DABN is the employee still obey their leader's words and do not make much innovation and giving a suggestion in management sector. However, for the technical sector, the employee has already decided the right decision but still have to get the permission from the leader.

Organizational Culture

From this research, we got the results as follows:

	Theory that has been applied	Explanation
Advantages	Aim Unity Empiricism Integrity Intimacy	Providing a high quality service for the consumer Fair treatment between the employees Using the work report and statistic data to do the activity Doing the best in service Good relationship between the employees
Lack	Excellence Consensus Performance	Everything still depends on the leader The reward and incentive still not optimal enough

In PT DABN, there is a Standard Operational Procedure (SOP) setting a few of cultural things in the company, such as wearing uniform. But in the office, the employees still rarely wear the uniform. This happens because of the office is located in a house and a visitor or people rarely come to the office except the employees, so they don't obey the rule of wearing uniform. Not only the employees, even the leader still doesn't implement the rule that is written in the SOP. This doesn't fit with the organizational culture's theory where the leader shall become the example for the employees. It's a small matter but it's really important to do the small thing that will be followed by the bigger things and give a big impact for the company (Tan, 2002).

Besides, excellence is needed to be upheld in an organization to make the employees more creative and innovative in doing their works. This is important to create the other principles to

be a primary value in the company that will become an organizational culture (Sutrisno, 2010). According to Want (2006), there is a leader that has a thought that coaching is unnecessary. It will make the organization development and also the people inside it developing slower. Therefore, coaching and calling the expertise are needed to develop the company's employee and the company itself.

So far, there are some trainings that had been given to the employee, such as SOP training and Safety training. But in fact, the application of this training is still lacking because of the less control and the evaluation from the leader. Besides, there are many trainings needed by the employees, for example: technical training such as Basic Sea Survival, Non Destructive Test, etc.

Succession

From this research, we got the results as follows:

	Theory that has been applied	Explanation
Advantages	The ability to adapt Having interest and participation Having a vision for the company Having empathy	Familiar with the situation of the company and the employees Having a vision to make the company bigger and reaching a higher standard Putting himself in the other people's position and understanding what the other people need
Lack	Having competency with knowledge, skill, and high performance Having passion.	The candidate of the successor is still less learning

This year, Mr. B. Haryono has already engaged his successor (Mr. DK) to identify the company's circumstances. It has a purpose to make the successor having an ability to adapt and growing his participation in the company. However, from the research that has been done, Mr. DK is still less learning in order to make himself ready as the successor.

In a fact, from 50 projects that has already done by PT DABN, Mr. DK led the latest 2 projects. All this time, he still be the "assistant" of Mr. BH as the leader of PT DABN. Mr. DK is the operational director that is responsible for the operational matters in the site project. But for the technical matters, Mr. DK only knows about the "wrap", that's why he needs to learn more in order to master all of the company matters. This is really needed because as the successor he must be the one who knows the most about how the company works, in technical matter or management matter. All the decisions will be put on his hand.

But Mr. DK has a big vision for the future of PT DABN, i.e. make PT DABN better known with completing the company with the certification in several sectors. The vision in a company is really important because it can reflect that this company has an identity and knows the direction where it will be brought. The establishment of a family business depends on the readiness of the old generation to prepare the young generation to continue the leadership (Soedibjo, 2012).

Succession Planning

After we are done with the result, there are some planning in order to make the succession in PT DABN succeed.

1. Pre Succession of PT DABN

Component	Explanation
Leadership's Role	The successor has followed the activity in the company as an operational director

	Introducing the work circumstances and networking to the successor
Organizational Culture	Collecting the evaluation about organizational culture (regulation, SOP of machine and technical matters, and the work circumstances)

2. The Process of Succession of PT DABN

Component	Explanation
Leadership's Role	Involving the successor in the project technically Involving the successor in the training, technical or management matters Accompanying the successor in order to increase the awareness from the successor about the company
Organizational Culture	Evaluating SOP for performance and regulation of the company Initiating the family meeting Making family policies

3. Post Succession of PT DABN

Component	Explanation
Leadership's Role	Increasing the skill and performance of the successor Having a retirement plan for the successor Successor's commitment for leading the company The first generation and the successor have the same vision about future innovation Fixing the communication between the first generation and the successor Still accompanying the successor from the first generation in order to bring the company to a better future
Organizational Culture	Making the job description's distribution more clearly and adjust with the sector, but still help each other (watch the limitation) Making a new SOP along with the company development, in technically procedure and administrative sector. Giving incentive and reward to increase the employee's loyalty and strengthen the relationship between the employees.

CONCLUSSION

Leadership's Role

The result of this research proves that leadership's role has been running well, but there are still a few things that has not run optimally, i.e. in communication sector, leader's desire to make the employees intelligent, and also to increase the founder's mentality in the company.

Organizational Culture

According to the result, the organizational culture in PT DABN hasn't run optimally because the SOP hasn't done well and less evaluation from the leader. Besides, there are less coaching and rewarding for the employees.

Succession

The result of this research shows that the successor has a basic to be a leader. But in fact, the successor is still less learning and needs more motivation to increase his interest in learning.

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