

ANALYSIS OF POST SUCCESSION IN FAMILY BUSINESS AT PT. PANCARAN TIRTA KENCANA SUPPORTED BY THE IMPLEMENTATION OF CONTROL MANAGEMENT SYSTEM

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ABSTRACT

Family enterprise is a form of business that is very common in many countries. In Indonesia, a majority or 90 percent of Indonesian businessmen are executives who run the family business. To maintain and improve the long-term corporate performance is through the succession in the company. Highest reasons why a company needs to be done succession family is due to the age of the owner who enters retirement age and high busyness owner outside the company's activities. One way to support post-succession is through the implementation of management control systems. The system is a system created by the management company to plan the implementation of each activity. In this study conducted a qualitative descriptive study aimed to mendeskriptifkan post-succession in family companies which supported the implementation of management control systems. The results showed that at the PT. Emission Tirta Kencana has done post-succession stage. There are several stages that an indicator of post-succession including the genogram, corporate structure and ownership, after the issue of succession, retirement plans, exploitation and exploration product and market, and the type of conflict within the company. While the application of management control systems include the phases of the input control, process control, and control the output.

Keywords: sucesion, leadership transition, family business and control management system

INTRODUCTION

Family enterprise is a form of business that is very common in many countries. In Indonesia, a majority or 90 percent of Indonesian businessmen are executives who run the family business. There are 7 (seven) mythical family enterprise, namely:

1. The family company is unprofessional,
2. The absence of separation between corporate finance and private finance,
3. The family company is deemed unable to implement systems and procedures that are healthy,

4. The family company is only giving the opportunity for any family relatives to occupy key positions,
5. Performance is not important, but more important is the ability to build a close relationship with the owner,
6. The family company will end up in the hands of the second generation, and
7. The family company was not looking at human resources as an asset important company (Dewantoro, 2011).

In the family company, to maintain its sustainability is very important for the founders to do succession planning. Succession in family firms is the process of formation and successor planning in family firms are made in accordance with the needs of the owners, families, and companies. When succession planning has been done, it will be included in a phase called succession process (Theresa & Mustamu, 2015).

The succession require a lengthy process of planning and preparation that will then lead the company in the implementation of a smooth transition. It is important for business owners to prepare and develop a potential successor candidates and give them the opportunity to demonstrate their abilities. Prospective successor needs to be developed and prepared to be a family business leaders in the future, where it is a complex job that impact on business success and relationships within the family (Lumintan & Mustamu, 2015).

PT. Pancaran Tirta Kencana \ has been established since 1999 and the company is engaged in construction services in the sub-field specification is Groundwater Drilling, Water or Waste Piping Systems, Irrigation, Pump House Construction. PT. Pancaran Tirta Kencana rely on the ability of HR experience and ownership Drill tool capable to meet the needs of clean water in the country. For that, PT. Pancaran Tirta Kencana in cooperation with various government and private sector to become service providers in this field.

PT. Pancaran Tirta Kencana ever do work ground water drilling is almost in all regions of the Province of Indonesia both for public and private projects. Need for clean water continues to increase, the company is optimistic that it can continue to grow and compete. There is also the implementation of the implementation of the succession and development efforts include:

1. The process of succession from one generation to the second generation
2. Improving the performance of management with the implementation of management control systems.
3. Improving the existing competence of human resources at the company.
4. Strategy development to other businesses.

Some of the things that became successor challenge ahead is the successor to increase the company's employees to approach, as for how that can be done is to increase the intensity of communication for employees to know each other personally and successor more often take the initiative to learn through discussion of the technical work so intertwined two-way communication so that more senior employees feel valued and respected in position. Through communication approach is thus expected successor is able to gain the trust of the employees and FBL.

Need to be discussed regarding the success of the post-succession in PT. Pancaran Tirta Kencana because given the age of the FBL is already 63 years and the recent post-succession are still assisted with the learning process in the company. So these things need to be done as a matter of management control systems that support the smooth succession after the stage in the hopes to form a new management system that aims as:

1. The division of tasks and responsibilities are clear,
2. The use of standards, rules and regulations in accordance with needs,
3. Evaluation of performance on a regular basis.

Certainly in the early stages of the post-succession companies PT. Pancaran Tirta Kencana are many things that must be prepared in preparation for the second generation in the continuing

success of the leadership of the first generation. This is due to the lack of overall leadership transition, then after a succession of research is focused on the successful transition of leadership in the company of family and good management control system in the hope there will be an increase in the company's performance.

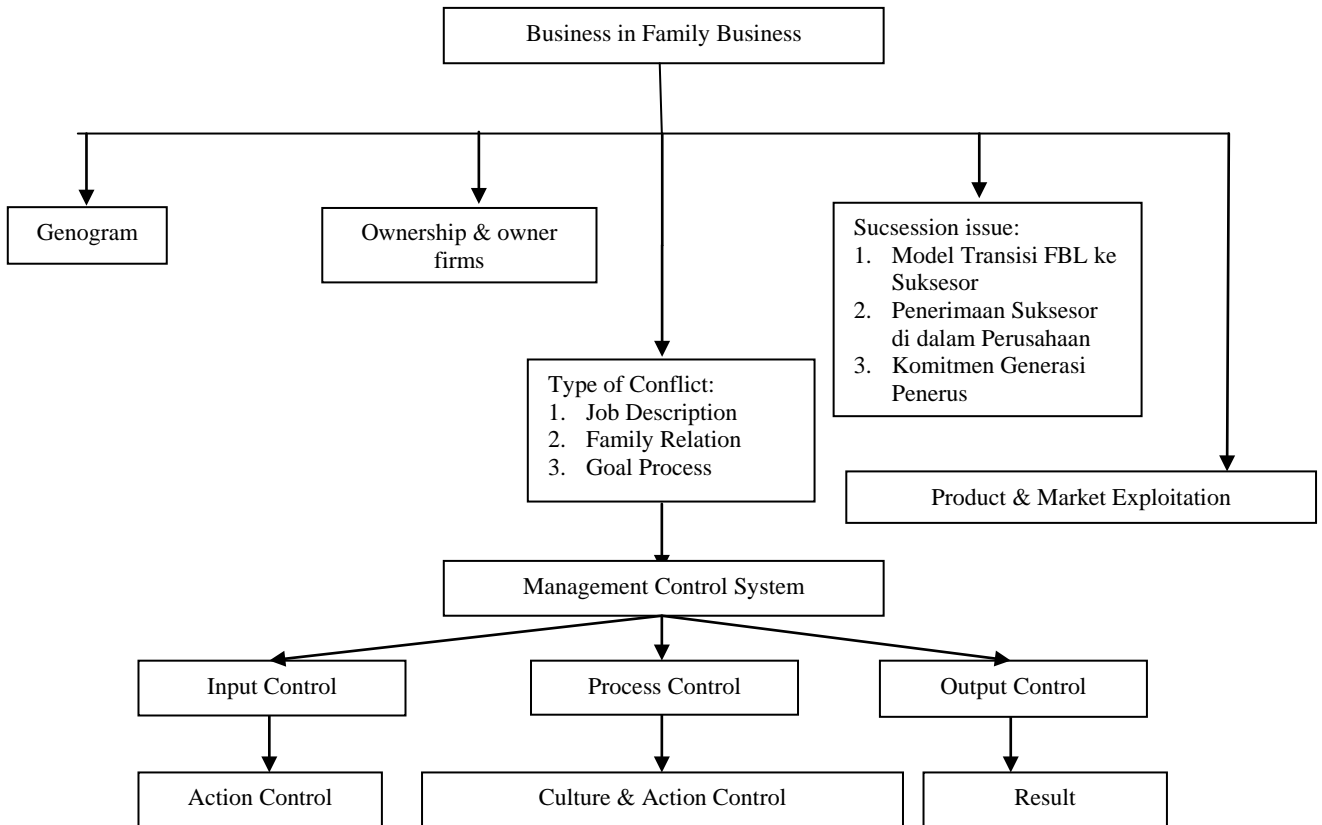


Figure 1. Business analysis model in the family company which supported the implementation of control management system

The goals of this study are:

- a. To determine the employees' acceptance successor undertaken to ensure the smooth running of the family business after succession in PT. Pancaran Tirta Kencana.
- b. To design and build a management control system that can support the success of the post-succession at. PT. Pancaran Tirta Kencana.

RESEARCH METHODS

Type of Research

This research type is descriptive qualitative research because through this method is expected to be able to get the data naturally the situation or condition that would like to study in depth, find a pattern of research and hypotheses that arise.

Data Collection Techniques

Data collection methods used in this study were interviews, which are used if researchers want to know and know things more specific than informant, communication can be used with face to face or using communication aids. The advantage of using this technique is the number of respondents who needed little.

Samples Informant Techniques

Informant used was purposive sampling technique for sampling by determining in advance the number of samples to be taken, then the sample selection is done based on certain goals and adjusted by certain specific criteria.

The informants in this case is a resource that is used to help research, consisting of three, namely:

1. Family Business Leader (FBL), because he as the owner of the company and is the father of a successor. (Age 63 years)
2. Successor, the successor involvement because it was involved directly in this study as a researcher.
3. Managers of each division at PT. Pancaran Tirta Kencana.

Data Analysis Techniques

Data analysis techniques in qualitative research conducted in conjunction with data collection at various stages include domain analysis is to obtain a thorough understanding of public and topics concerning the subject matter, the taxonomic analysis of the study determined that the attention is limited to the realm of very useful in an attempt to explain the phenomenon research objectives, namely componential analysis categorizes the difference between topics or obtained through observation and interviews selected, the analysis of cultural themes that repeatedly conducting a review of research results, give the code on an important topic, adjust the relevant literature (Sugiyono, 2012).

Validity and Reability Research

The validity of the data that is to assess the validity of the findings of qualitative research. While the reliability test in qualitative research conduct an audit of the entire research process. If the process is not carried out but the research data, the study is not reliable or dependable.

RESULT AND DISCUSSION

Stages of Business Analysis at the family company at PT. Pancaran Tirta Kencana

1. Genogram

Genogram is a visual representation of the membership conditions and family relations. Genogram on PT. Pancaran Tirta Kencana are engagement between the owner and the second generation which is the second generation of the family in the company. In addition, through a genogram can also see members of the family and the condition of the relationship between family members. In the family structure owner is aged 63 years and had no wife because died in 2009. Owner have 2 boys aged 30 and 24 years. The second child who is the successor owner in the company PT. Pancaran Tirta Kencana and relationship between his two sons are very close.

2. Analysis of Corporate Structure and Ownership Structure on PT. Pancaran Tirta Kencana

1. Structure of the Company PT. Pancaran Tirta Kencana

On the organizational structure of the company PT. Pancaran Tirta Kencana is divided into three parts. The third part is the financial part, part of the project, as well as logistics and warehouse. Each section is headed by a manager.

2. Ownership Structure PT Pancaran Tirta Kencana

Ownership structure on company PT. Pancaran Tirta Kencana are divided into two parts. Both parts are shares owned by the commissioners by 10% and the rest is owned by the directors of 90%. The division is adjusted by agreement made through amendments company authorized by the Notary.

Form a functional organizational structure is an organization in which the authority of the leadership delegated to managers who have worked on the functional position for the peaksana that have the expertise / competency in their field. The structure of the company PT. Tirta Kencana jets already share responsibilities on the basis of basic functions such as finance

companies, projects, as well as logistics and warehouse. Infer from the statement of the first generation, the organizational structure of the company PT. Tirta Kencana jets already done but the problem still occurs jobdesk details overlap with each other. In the finance and projects managed by non family members, and in the logistics and warehouse is managed by a family member who is an uncle of a successor.

Existing organizational structure at the company PT. Tirta Kencana jets still unclear about each executor jobdesk under the manager, therefore the presence of this study will be making the new organizational structure, supported the implementation of management control systems. It was also consistent with the statement given each manager that during this time they use habits in their own use in the execution of tasks within the company something.

Advantages of a company if it has a functional organization structure is communication and networking simple decision. The disadvantage is the difficulty of coordination between functional departments because often created "little kings" in each department (Kodrat, 2010).

3. Post-Succession Issues Analysis

1. Assign Ownership

In determining the ownership of the company would be given to a successor who is the second son of the owner who obtained the first interviews with informants. For the division in detail, the first generation will not give an overall feel for the owner still has extensive nationwide network that helps market the company and will become commissioner only later.

Based on the statement of the first generation to be selected pension plans are ambassadors. The selected pension plan has a sense of the first generation will lead the company to a level of success and recognize when it is time going backwards and advising when needed (Sharma *et al*, 2013).

2. Establish Criteria for a Successor

This criteria will be useful to ensure that the designated successor is already in accordance with the wishes and needs of the company owner. Some of the criteria, namely experience in the company of at least 3-4 years, knowledge and experience more and more about field conditions, improvement in the relationship with the distributor of spare parts, good relationships dengankostumer or colleagues.

In the company established a good relationship between the successor to the employee, indicating that the successor has the ability to adapt and be able to become a good leader (Collins *et al*, 2010).

The statement is supported by other research that suggests that a person who is able to do his job is to feel comfortable in the work (Pandergast, Ward & Pontet, 2011).

In fact the new successor has experience in the company for 1.5 years and have a good assessment of the owner of the operation and administration of the company. Through the interview with the owner also can be concluded that the successor has the willingness to learn and a good relationship.

3. Development of Skills and Performance Successor

Development of the successor is to participate in the company. Successor began to be authorized, with the aim to be seen to what extent the responsibility of the authority given. The fact is the owner admitted that the successor already has a good performance regarding operational and corporate administration. Successor was now beginning often invited to meet with clients and introduced to the distributor of spare parts for repairs and modifications to the engine.

In the process of skill development and performance successor must be supported by several factors such as formal education, training and knowledge transfer between generations. Formal education program is tiered education acquired at school regularly and storied. Formal education is generally known by school level is elementary, junior high, high school and then continued with the level of the course. End of formal education levels will be an important provision in the plunge in the company (Glance, 2011).

Transfer of knowledge is the knowledge transmission process carried out by one person to another. Knowledge that was delivered was varied as required. Transfer of knowledge is the knowledge given by the founder to the successor as teaching or science in running the company, family values are applied in the company and how to behave properly in the company. Transfer of knowledge can also be obtained from non-founders, namely of existing employees in the company since their first dive and experienced in the company (Theresa & Mustamu, 2015).

The fact successor is now in the process of completion of study in S-2, follow the activities in the preparation and implementation of the project. The advantages of developing a successor is a successor will know about problems that occur in the field and can solve problems in the future. This is consistent with the results of interviews with the owner who stated that the successor has a willingness to learn, interest and participation, and passion to improve the experience in the company. Only now the successor is still in the process of completion of formal education so that time owned successor is divided, but owner optimistic because of the collaboration between formal education and experience in the company of an equally run, then after the completion of formal education a successor is believed to be able to more quickly in learning and improve their ability in the company.

4. Establish Timeline for Transfer of Management and Responsibility Ownership

In determining the timeline for migration management and also the responsibility of ownership in this company, the first generation concluded that it would make an assessment that is not explained in detail about the exact time. The first generation will see the performance and the performance of a successor in advance during his tenure in the company, after which it can decide the right time to leave the company.

However, the system desired by the first generation is gradual or progressive. Advantages of this process is a potential successor gaining experience and learning gradually, use the time to absorb the learning of leadership. With fewer responsibilities than the leader, the leader can use the transition period to mengeksplorasi options for the next stage of life.

Meanwhile, the shortcomings of this process is that there are more opportunities for conflict, as authorities submitted on one task and one time, there may be differences over how his successors manage any new responsibilities. As a young generation eager to find more leadership responsibilities and incumbent as if he is being pushed out.

Through the interview with the owner it can be concluded that the owner wants their vision of equality between the two because of the differences in character between older and younger generations in analyzing and acting, for the owner wants an increase in intense communication between them and the owner hopes that the leadership transition can take place 3 -4 years for the successor in the company.

5. Successor Acceptance in Company's

In the family enterprise sustainability depends on how readiness to prepare successors older generation and the next generation is ready and willing to continue the company's leadership in the family. It will be the successor candidate grip to plunge in the company, although later after a succession company's vision will become policy (Soediby, 2012).

The rules of succession becomes very important in the phase of succession, because it tends to regulate that a successor candidate will receive support or agreement from the other family members as well as inside the company. It is emphasized that in order when a successor will not

receive opposition from other family members or employees in the company. This can greatly affect the success and the smooth succession planning.

Broadly speaking, it is the successor has gained acceptance both family and non-family, only according to the owner is the successor still have to improve their ability in the company both internally and externally. Another informant that the managers also have pretty high expectations on the successor through his career in the company and invite the successor to want to learn with them and be involved in the overall activity of the company.

6. Setting Retirement Plan

Based on statements from the first generation to be selected pension plans are ambassadors. The selected pension plan has a sense of the first generation will lead the company to a level of success and recognize when it is time going backwards and advising when needed (Sharma *et al*, 2013).

7. Commitment Successor

There are four reasons were found to encourage the next generation's decision to pursue a career in the family firm. The reason is in the form of a commitment to run the family company.

Statement from the first generation successor to the commitment is first successor should be confident, strong motivation and with increasingly engage in any activities of the successor companies to accelerate the transition of leadership. This is in accordance with the wishes of the successor who want to work and continue the company keluarga. In accordance with the theory of affective commitment is based on the strong belief in the acceptance of corporate objectives, confidence, and a desire to contribute to these objectives, and the theory of normative commitment that has feelings for berkewajiban pursue a career in the family business to build and maintain good relationships with parents people they care not for its own sake. (Sharma *et al*, 2013).

4. Exploitation and Exploration Product and Market

Company family that can last more than three generations of involvement in various levels of innovation, the innovation level is kefokuskan about what strategies will be done for the future of the company (Sharma *et al*, 2013).

Based on the statement of the first generation and the desire of the successor that the company would focus on incremental innovation and radical innovation. Incremental innovation is focused on increasing the efficiency of the market and enhance current products or services. While radical innovation is focused on entering new markets opening or expansion of business into new areas of business.

Implications of incremental innovation in the enterprise is because companies using a modification tool in the repair and operation of the drilling machine, it is expected to continue to improve efficiency in its operations. On the improvement of the market, the company is confident of clean water is the need is increasing every year, just how the company to expand its marketing network.

While radical innovation in accordance with the results of interviews with the wishes of the owner and successor that the successor must focus on maintaining the performance of the company's career is currently on its way and in a successor given permission by the owner to enter into a new business field with requirement availability of funds for investment into new fields and There are experiences associated studies.

5. Conflict Types

There are several types of conflicts are conflicts division of tasks, objectives and processes in family relationships. Statement from the first generation showed that among the first generation with the successor must have the same vision, because the tendency is to want the younger generation more quickly in the act while older ones tend to take time and play safe.

Task and process conflict revolves around issues of temporary work assignments conflict focused on the differences of opinion within the group on target or goal to pursue or achieve, conflict processes with regard to how to achieve the agreed objectives. Disagreements between family businesses, family in the family business, a business in a joint family business tasks or processes to help improve the performance and discuss alternative courses of action leads to the right decision. Instead, the conflict is not related to any relationship and how the business operational issues. Instead, it's based on negative emotions or negative feelings, rivalry, hostility or hatred ushered family members. Type of dysfunctional conflict prevents family members to work effectively and lead to a negative performance (Sharma *et al*, 2013).

Facts on the ground indicate that the first generation wants successor to truly understand and master the company with existing fields, while the successor wants while remaining within the existing learning in the field and want to do their business field expansion as successor saw an opportunity there and with the consideration that the company has facilities means to enter the field. Then the division of duties conflict, the successor wants to reform the jobdesk per person but the first generation are more concerned with maximizing power efficiency per person, although ultimately they are overlapping in doing the work of each person.

Analysis Application Management Control Systems at PT. Pancaran Tirta Kencana

Management control system is basically a system that is used by management to develop the company's future. To realize the vision of the company, through missions have been, we need a system of planning and controlling activities of the company. Management control system is a system for planning activities to realize the vision of the organization. Through the mission that has been selected and implemented as well as monitoring the implementation of action plans (Sripeni, 2013).

Through the results of interviews conducted at manager level and that in the company's vision and mission have not been there either orally or in writing, then there are still weaknesses in the initial coordination between the project manager, estimator and field staff that led to the frequent occurrence of lack of work or overheating in spending project.

PT. Pancaran Tirta Kencana will implement a management control system, through the three stages of the process therein that the input control, process control and output control.

Oriented management control system input is measurable actions by the company prior to the implementation of the activity. Input control system includes strategic planning, and all forms of allocation of resources. Management control system or a process-oriented behavior is a kind of management control systems are being made to influence the means of achieving the desired end. Management control system oriented output is a type of control system management is done by setting workplace standards, monitor, and evaluate the results (Dewantoro, 2011).

Researchers apply a management control system associated with some activity in the company of them are making procedures concerning Purchasing Order (PO) of goods for the purposes of project and maintenance of equipment, project preparation and implementation procedures, procedures regarding stock system outgoing and incoming goods. In each procedure investigators identified certain indicators that have been discussed with the owner and manager respectively, while the indicator is jobdesk and targets on the input control, SOP in process control and monitoring and evaluation of the control output. Researchers also apply control measures in it to support the determination of jobdesk and the target company. Control measures is to ensure employees perform certain actions that can benefit the company assessed. On the application of SOP in process control, researchers applied in determining the SOP control personnel in the company. Mentoring and evaluation is an indicator on the control of output, in determining the policy in the process of cultural researchers applied control and control of the results. Control cultures are created in order to establish norms of behavior and the company encourages employees to monitor and influence among employees. Meanwhile,

control proceeds normally used to control the behavior of employees at various levels in the company structure. Implementation of control results involves four stages, namely, defining the dimensions of the desired results, measures the performance of the dimensions that have been, determine employee performance targets for each measure of achievement, and provide rewards for achieving the target.

CONCLUSION & SUGGESTION

Conclusion Research

In succession after the analysis is done at the family company at PT. Tirta Kencana jets that supported the implementation of management control systems, it can be deduced that:

- a. The Company has conducted post-succession although in the implementation successor is still in the process of learning, mentoring, and evaluation of its performance by the owner, because the legal successor has served as a director of the company.
- b. In this study is the number of successor there is only one candidate, therefore the owner is very supportive in the process of knowledge transfer and assistance to the successor.
- c. After the succession has so far been running well, because some of the desired criteria is in itself a successor owner and the leadership transition process desired by the owner is gradual.
- d. Successor get a good reception in the company. It is very helpful in the smooth post-succession in the company.
- e. In the discussion of the conflict in the company, with the successor can also help in conflict division of tasks by implementing management control systems within the company.
- f. This system is basically a system that formed the company before implementing any form of activity in the hope of creating efficiency and effectiveness in the activities of the company through a correlation between targets in the control input with the results on the control output.

Suggestions Research

Suggestions can be given after doing research on the company and conduct interviews with all the speakers from the company are as follows:

- a. Succession is one of the form to maintain and improve company performance. Surely successor is chosen successor in accordance with the criteria and the owner had gone through the stages of succession, such as succession planning, pre succession, and the succession process in the company with each indicator in it.
- b. Understanding and discussion of the genogram, the structure of the company, after the issue of succession, exploitation and exploration of products and markets, types of conflict greatly assist the smooth and successful career post-succession stages in the company.
- c. Management control system is one way to improve the internal management of the company. The hope with the implementation of the management control system will be able to maintain and improve the performance of the company to better results in the future by developing the company's activities more detailed, so as to improve control in every division of the company and reduce costs to maximize profitability.

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