

SUCCESSION PLANNING AND CONFLICT MANAGEMENT OF UD. XYZ

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ABSTRACT

This research discusses about the succession planning and conflict management of UD. XYZ. UD. XYZ is a family business which engages in the crops and logistics sectors. The purpose of this research is to describe UD. XYZ's succession stages and the management of conflict during the succession planning. This research also presents family genealogy, general overview of the company, company profile, succession stages, and conflict management. The results of this research are the succession process and conflict management of UD. XYZ.

Keywords: Family business, Succession, Conflict management

INTRODUCTION

Indonesia is a developing country that entered the top five countries with the largest population in the world, was at number four Brazil in position to compete with the 5th (,2014 Seconds). The population of Indonesia reached 260 million with a growth of approximately 1.49 percent per year consisting of school age and toddlers 28.87 percent, elderly \pm 7.59 percent, 63.54 percent of the labor force (Statistics Indonesia, 2014).

According to Marpa (2012:5), the number of family companies in Indonesia reached 96% darisekitar 165,000 businesses. A family company that consists of micro and macro. Family companies contributing to gross domestic product (GDP) Indonesia. Contributions given from the family business about 82.44% of the total gross domestic product (GDP) of the country of Indonesia.

In order to continue to survive and thrive in the midst of an increasingly tough competition, so any family company should be able to do perbaikan and changed from a regular family company into a modern family company. That question is becoming a modern family company that owns the system and rules – rules that are clear. Because as we get older the generation then the number of family members who contributed will be growing. The transformation will not be easy to do when there is no support from every Member in the family business. Commitment is urgently needed in the process of transformation, because the transformation process will take some time for a little while.

Conflict is inevitable over the succession process and transformation. Succession has also become a major conflict, due complicated votes and became a threat to survival of the family company. To determine the stages of the succession planning process in the company of

course there is interference between the family members which terbukti idengan the existence of a gap between generations and the conflict of interest between family and business. The potential for conflict in the family business can be bigger than other businesses. To avoid conflicts, family members need to assign roles, i.e., decide who is working on what, and if it change roles, will have an impact on businesses and families.

LITERATURE REVIEW

According to Susanto (2013), the company is a family business where ownership and involvement of families that are very significant.

Susanto (2007:4) in Marsella (2014) says there are 2 types of family: Family Owned Enterprise (FOE)

a) Family Owned Enterprise (FOE)

Business owned by the family but managed by a professional from outside the family environment. Each Member of the family only acted as owner and not plunge in operations in the field in order that the management of the company runs professionally. More family members to maximize the functions of supervision. Usually a family business like this is a business which was originally managed by the founding family.

b) Family Business Enterprise (FBE)

The business is owned and managed by members of the family of its founder. Leadership or management dipegangoleh the same, namely, the family. The position of the key/important held by family members.

In Wirawan (2010), the type of conflict types – divided into:

a) Personal anxieties and sometimes Intrapersonal Conflict

Personal conflict is a conflict fought in selecting a choice or because he has multiple personalities. Interpersonal conflict is a conflict going on inside an organization or conflict in the workplace.

b) Conflict of Interest (Conflict of Interest)

Is a conflict where a leader must have a sense of greater interest than its members to become a leader.

c) Realistic Conflict and conflict Nonrealistic

Realistic conflict is a conflict due to differences and ketidaksepahaman how the achievement of the goals or objectives that will be achieved concerning. Conflict management methods used are dialog, persuasion, deliberation, voting and negotiation. Sometimes the power and aggression are also used.

Nonrealistic conflict is a conflict not related to the issue of the substance of the cause of the conflict. The conflict arises because the nonrealistic hatred or prejudice against bad opponents of the conflict. Method is the use of power and force.

d) The destructive Conflicts) and Constructive Conflict

The conflict was a conflict that konstrutif process leads to dancing solutions regarding the substance of the conflict between the two sides. Management technique used is negotiated, give and take, humor or voting. Destructive conflict is a conflict that could damage the health of the organization.

e) Conflict according to areas of life

The conflict according to areas of life are divided into economic conflict, a conflict of business, political conflict, religious conflict, social conflict, conflict culture, and conflict in the Organization of the profession.

According to Wirawan (2010), the conflict has positive and negative influences:

Table 1. The Influence of Positive and Negative Conflict

Positive Influence	Negative Influence
Produce something new or change	Withdrawal of Psychology: withdraw, apathetic, indifferent, and fear
Getting people to become better, more thorough, and more competitive	Damaging the relationship and communication between people involved in conflict
Understand others better, especially opposed to conflict	Generate negative synergies within the system
Bring subject matter which an undercurrent to the surface	Decreased work productivity and increased job dissatisfaction
To stimulate critical thinking, creative, and innovative	Lowering the quality of decision making

Source : Wirawan (2010)

According to Susanto (2013), there are three conflicts that relate to succession planning:

- a) Lack of appreciation, recognition, and compassion
With a feeling of less recognized and valued could be the basis of the various problems faced by the family company. Usually every senior generation wants the respect of the younger generation, as well as the younger generation wants the respect of senior.
- b) Lack of a Sense of Pardon
Usually the family that does not have the ability to pardon will be difficult to run the family business in the same time.
- c) A Lack Of Trust
Lack of trust can be fruitful conflict within families, especially the lack of trust towards the next generation.

Lenroy (2012) has five kinds of approaches to conflict resolution related to succession planning:

- a) Evade
- b) Accomodate
- c) Competition
- d) Compromise or Negotiation
- e) Solve problems or collaboration

According to Susanto (2013), there are some succession planning objectives, namely:

- a) any family business built, certainly want to continue to have keberlanjutan from generation to generation. Preparation of succession is very necessary so that the successor to understand the ins and outs of family business success in order to be able to maintain and develop it.

- b) succession planning takes a long time in order to create family harmony remain awake.
- c) with the succession, then the company may opt for a new leader so that each of the parties within the company remain harmonious.

RESEARCH METHODS

The type of research used the qualitative research is descriptive. According to Sugiyono (2012), qualitative research is descriptive research that is used to analyze data in a way describe or illustrate data that has been collected properly without intending to make general conclusions applicable to or generalization. In the study of perception of the subject of the research on the succession plan at the family company, thoroughly and using description in the form of the word – the word and language, with a special natural context and make use of a variety of natural methods.

Researchers use qualitative research because researchers want to examine the background of succession planning in the form of perception. Researchers began researching something in terms of process, to understand the phenomenon that until now has not been well known and gain depth information related to research which examined by researchers (Sugiyono: 2012)

The subject of the research are some of the individuals who participated in the research. Of the subject, the data obtained and collected (Hamdi & Bahruddin: 2014). In this study, researchers conducted a study on UD. XYZ located in Lombok – West Nusa Tenggara. UD XYZ engaged in trading produce and transport logistics. Researcher will discuss about the succession planning process and dependencies with the management of the conflict.

Researchers will use data collection methods by means of an interview. Sugiyono (2013) says that the interview is a technique of collecting data on preliminary study to find problems that need to be examined and to find things – from respondents in more depth and have a number of respondents.

Method triangulation was used to test the validity of the data in this study. According to Emzir (2010), the method of triangulation is the process of strengthening of the evidence from the individual – different individuals, the data type in the description and themes – themes in qualitative research.

The method of triangulation of sources is one of three models of other triangulation triangulation triangulation methods and time. According to Bungin (2011), the method of triangulation was done by comparing the source of trust information obtained based on time and a different way on qualitative research. Researchers find and collect data from various sources and comparing it in the same issue, so getting a clear picture to be associated with the process of succession and management conflicts. The validity of the data is owned by researchers reinforced the existence of data the results of the interviews and the experience of the researcher.

Data reliability is precision, accuracy of the data used in the research. Reliability test performed by specifying a data source, provide the theory, analysis of data and then make a conclusion.

Model Analysis

Based on previous research and theory – theory, researchers create model of analysis as follows:

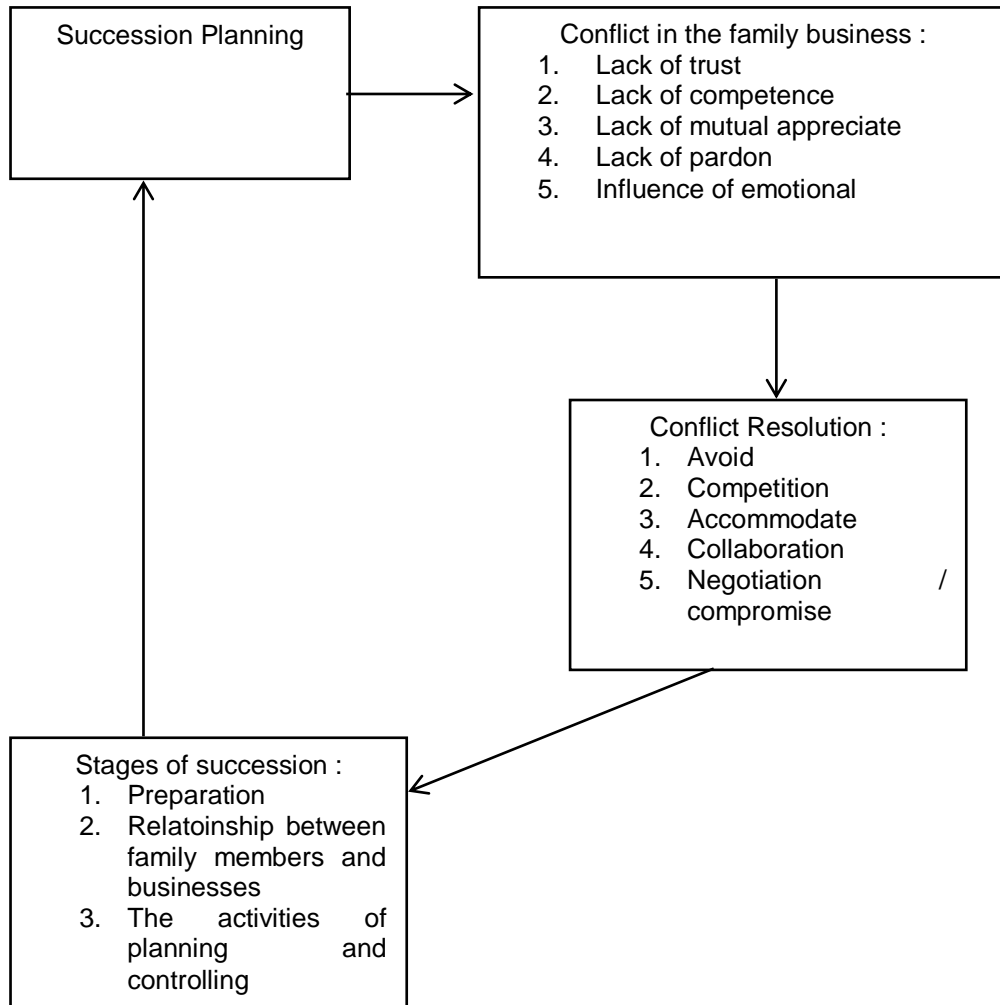


Figure 1. Model Analysis (2015)

This research will address stage – the stage of succession run by UD. XYZ, consisting of :

1. Preparation/level of readiness of the successor/beneficiary consists range from formal or informal education, work experience, years of working in the company, position in the company, the motivation to join the company and preparation of self perception
2. The relationship between family members and a business consisting of communication, trust, loyalty, family chaos, rivalry, jealousy, family members in the conflict and the value – the value of tradition along
3. Planning and controlling Activities include financial planning, the use of the Board, the use of external consultants/advisors of the family business, the establishment of the Council for the family.

In addition to succession, the study also addressed the conflicts – conflicts that will occur in the process of succession, how can conflict management conflict – conflict that will occur so that a succession process can continue to run in accordance with the objectives of the owner of the company.

DISCUSSION

UD. XYZ is a family company which is engaged in the field of trading and produce transportation services. UD. XYZ started standing since 1970. UD. XYZ was originally founded by the father of the current owner of the business. Initially The UD. XYZ is trading timber, salt, eggs and produce. As time goes by UD. XYZ vote more focus to trading results.

UD. XYZ currently managed by several family members and key positions in the company was occupied by family members. Speaker-1 as the family business leader(FBL) want to bequeath to his son's company leadership (Speaker). This makes the researchers want to examine more about UD. XYZ who was doing the process of succession. In conducting the succession, conflict is inevitable (Susanto, 2013), so the researchers are focusing more research in matters of succession and the handling of conflicts in a UD. XYZ.

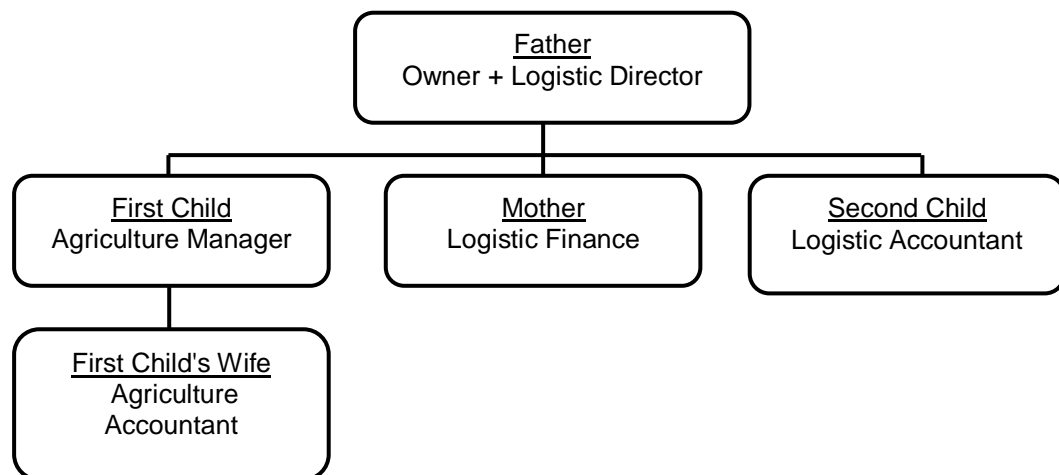


Figure 2. Organizational structure Before the 3rd Child Graduating Postgraduates

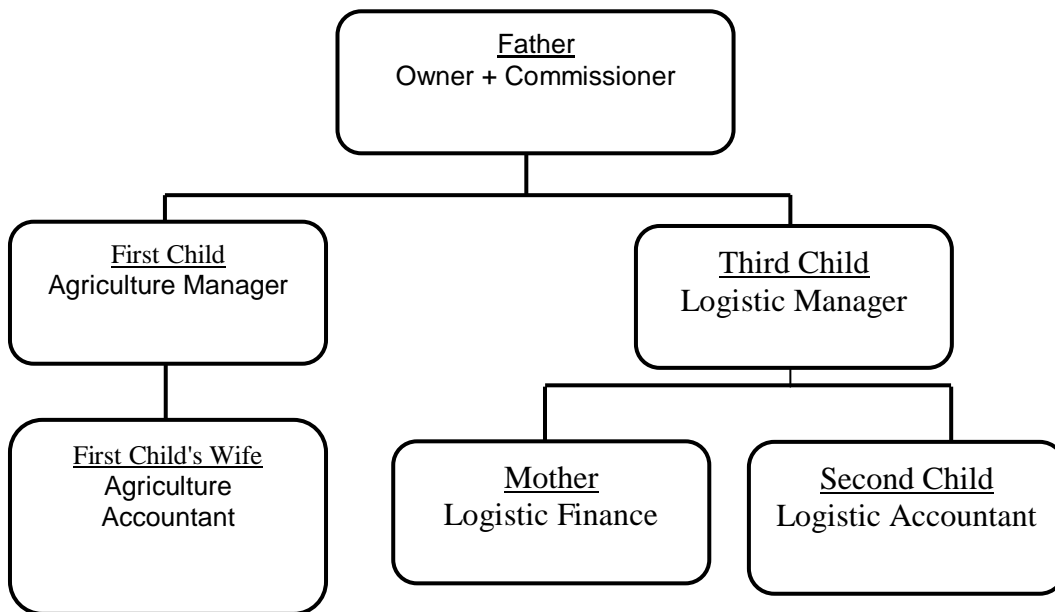


Figure 3. organizational structure After the 3rd Child Graduating Postgraduates

The Structure Of The UD. XYZ currently use 5.1, the current child care of the Division of Earth's results were aided by his wife who was on duty at the finance and bookkeeping. Division of transportation logistics taken care of directly by the father as the owner and business leaders. Mother and child to-2 assist father in Transport Logistics Division as part of a financial and bookkeeping. Family members lead the existing employees in the enterprises.

After the 3rd child graduated from graduate school, then the structure of the UD. XYZ using image 5.2. The Division remained held by the 1st and the 3rd Division takes care of the logistics of transport and as a Commissioner of the second division and as supervisor of both divisions. The 2nd son and mother help the 3rd in the Division of transportation logistics and still take care of part of the same picture 5.1. Members of the family still lead the existing employees in the enterprises.

Conclusions from a comparison of the interview was, Family Business Enterprise (FBE) is a business owned and managed by members of the family of its founder, and leadership or management held by the family (Susanto, 2007) is in compliance with the conditions of the UD. XYZ owned and key positions are held by the family. UD. XYZ is undergoing a process of succession, namely from the owner to his son, according to Susanto (2013), that every family business built certainly want to continue to have continuity from generation to generation. A successor who would seek more important than a successor that is competent in their jobs.

When entering the company, a successor must be the assistant owner. A successor takes time to prepare to be successor, in order to achieve the vision and mission of the company. Successor required minimum HIGH SCHOOL education. Motivation is mandatory to become a successor, inevitably a successor must be motivated.

Planning and controlling activities include planning will be undertaken by the company in the long term (Morris, et al. 1996). In planning and controlling, UD. XYZ provides a special budget for the sake of succession. A special budget is provided in a successor loss, would add to the business, or want to improve part of the company. Current UD. XYZ is still not using and not to require a financial consultant. For the future when UD. XYZ Company, hence the growing need of financial consultants to better regulate the financial company family. The relationship between family members and businesses, consisting of communication, trust, commitment and others (Morris, et al. 1996). To create good communication, family members of the UD. XYZ must frequently communicate and willing to accept the opinions of one another. Trust between family members will be formed along with the abundance of time spent together by family, and supported by corporate financial bookkeeping family. Loyalty is important, loyalties can be formed on its own when family members understand the importance of family companies support the family and economy depends on how a company treats his sons.

In the event of a conflict between family members, a successor not be forced to have to continue to work together with your family in the company of family. A successor given the option own work or want to work with the family. But when a preferred successor remains willing to work with the family in the family company. All the problems which do occur are expected to be completed in well to keep the family unit.

According to Alwi (2012), conflict is not inevitable and can mutually understand each other, approved the decision of others as well as making sure everyone has a responsibility. The theory according to Alwi (2012), it fits in the company of UD. XYZ. As evidenced in the event of a problem between employees with family members of employees, family members, employees and family members, can be solved by mutual can understand each other, and give each other the responsibility of each. When the conflict happens in the UD. XYZ are positive, then the conflict is left. When conflicts are negative and desktruktif, then it should be removed.

Management control systems required a succession of post. The purpose of management control systems in the operational system in order that the company can continue to run as planned.

CONCLUSIONS AND SUGGESTIONS

In a study done to the UD. XYZ, can be drawn the conclusion that the UD. XYZ are in transition. Transition is evident from the successor UD. XYZ is being prepared to replace the owner, but the decision time to become a surrogate was not determined with certainty. Successor are expected to learn during the company's owners are still healthy and can still teach the most. Expected successor can utilize well the opportunity to work closely with family members.

In planning the succession, a successor must be educated at least high school. Successor who want to learn more take precedence. At the beginning of entering the company, a successor will be the assistant owner. A successor don't have to have experience of work outside the family business. A successor takes time to prepare themselves to become a business leader.

According to Zubir (2008) in Wijaya (2014), the family business is a business owned and managed by people who have a family relationship and the family usually include spouse, children, parents, brothers and sisters. According to the theory of Zubir was already reflected in the UD. XYZ. UD. XYZ is a family business owned and managed along with family members of the owner. Successor should be able to harness the power of the family business that is able

to work with the family and can learn from the family. Expected with the strength of the family business could support the UD. XYZ is increasingly developed and developing.

Conflict is inevitable during the succession. Not all conflicts are negative. There are conflicts that are positive and some are negative. When conflicts are positive, then the conflict is expected to be preserved. The conflict has a positive example is the conflict that could motivate between employees or family members.

When conflicts are negative, such as the conflict of miscommunication, then conflict must be eliminated. The existence of a clear system, then the miscommunication could be reduced or eliminated. The system can make the rules and restrictions for each person becomes clear. With the system so everyone can work according to the stripe and can reduce the conflict.

Each family member as well as any employee in the family business should be able to mutually accept one another's opinions. The role of parents is very large in the process of transition. This role is evident from how a parent teaches and prepares the successor in the family business. In addition to preparing and teaching successor, parents should also be able to create clear rules for a successor. Parents must also begin to slowly teach and giving knowledge to all the employees to start getting used to when led by successor so that everyone in the company can adjust to a new culture.

Expected with the succession could make UD. XYZ is increasingly growing. A successor should be able to take charge of the family business is headed. Successor should be able to adjust the family business with the condition of the economy as well as the condition of the world is the latest in his day.

Research advice :

In the course of succession, the successor must be thoroughly taught and shared experience by senior/owner of the company. In transition, the owner of the company should introduce a successor to all employees, business partners and all owners. The company will also have to start making the rules and limitations, and a clear responsibility to all parts of the company, especially on the successor. Financial bookkeeping, stock of goods, and other bookkeeping is very necessary to support the operation of the company.

In the event of a conflict in the company, the company should see first how the kind of conflict that occurs. When a conflict has a positive like motivate and generate a good thing, then the conflict should be conserved. When conflicts are negative and deskruktif, then the conflict should immediately be removed. In dealing with conflicts, we recommend that you look for used to be the root of the problems that led to conflict. Any kind of conflict fought better resolved in a family.

It is hoped the company could continue to grow and experience the process of succession with success. For the future the company should begin making the system of organization and systems of the company. Companies must begin to transition from a confusing organization towards a clear and orderly organization. By having a clear organization and regularly, could reduce the things that cause negative conflicts.

Suggestions for the next researcher, should researchers next added another variable in transition. Like adding a succession of post process and others. The next researcher can add attachments-attachment is a photo of the company or the company's catalog for the means of promotion of the company.

The limitation of this research study is to use qualitative methods. Qualitative methods cause this research can not be generalized. Comparison between the results of the interviews and the conclusions need

to be made more complete and more clearly. Sometimes researchers can not directly examine the behavior of the owner company, successor, and employees at the same time. So sometimes there are some activities that have been missed to researched.

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