

SUCCESSION PLANNING IN MAINTAINING THE EXISTENCE OF FAMILY ENTREPRENEURSHIP HOTEL BUSINESS IN BALI

I Wayan Darsana¹, I GPB. Sasrawan Mananda²

Email: darsana_ipw@unud.ac.id¹, gusmananda@unud.ac.id²

^{1,2}Program Studi Industri Perjalanan Wisata, Fakultas Pariwisata, Universitas Udayana

Abstract: In Bali, there are many family companies in the hotel business that failed in the second generation to lead the company and also many of which were successful, and even became big after being managed by the second generation due to success in the succession process, for example the I Gede Wirata and Kadek Wiranatha families who own 6 Bounty Group hotels, Putu Gde John Sastrawan with 4 Ramayana hotels, the late Ida Bagus Tjendana Putra with 4 Santrian hotels, based on this phenomenon, it appears that generational transfer (succession) of leadership in family companies is an important factor in the company's sustainability. Leadership succession in family companies does not always end in failure and brings company decline, it is evident that there are still companies that can survive for generations. Therefore, researchers are interested in researching and argue that it is necessary for family companies to prepare and plan for leadership succession as well and as early as possible to avoid failure in the intended leadership transformation. Seven things related to family companies are related to succession, namely: (1) unprofessional family companies; (2) there is no separation between company finances and personal finances; (3) family companies are considered unable to implement sound systems and procedures; (4) family companies only provide opportunities for 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) family companies will end up in the hands of the second generation, and (7) family companies do not view HR as an important company asset.

Abstrak: Terdapat banyak perusahaan keluarga dalam bisnis perhotelan di Bali yang gagal pada generasi kedua untuk memimpin perusahaan dan juga banyak di antaranya yang sukses, dan bahkan menjadi besar setelah dikelola oleh generasi kedua karena sukses dalam proses suksesi, misalnya keluarga I Gede Wirata dan Kadek Wiranatha yang memiliki 6 hotel Bounty Group, Putu Gde John Sastrawan dengan 4 hotel Ramayana, almarhum Ida Bagus Tjendana Putra dengan 4 hotel Santrian, berdasarkan fenomena ini tampak bahwa perpindahan generasi (suksesi) kepemimpinan di perusahaan keluarga merupakan faktor penting dalam keberlangsungan perusahaan. Suksesi kepemimpinan dalam perusahaan keluarga tidak selalu berakhir dengan kegagalan dan membawa kemerosotan perusahaan, terbukti masih ada perusahaan yang dapat bertahan secara turun temurun. Oleh karena itu, peneliti tertarik untuk meneliti dan berpendapat bahwa perlu bagi perusahaan keluarga untuk mempersiapkan dan merencanakan suksesi kepemimpinan sebaik dan sedini mungkin untuk menghindari kegagalan dalam transformasi kepemimpinan yang dimaksudkan. Tujuh hal yang berkaitan dengan perusahaan keluarga berkaitan dengan suksesi, yaitu: (1) perusahaan keluarga yang tidak profesional; (2) tidak ada pemisahan antara keuangan perusahaan dan keuangan pribadi; (3) perusahaan keluarga dianggap tidak mampu menerapkan sistem dan prosedur yang baik; (4) perusahaan keluarga hanya memberikan kesempatan bagi kerabat keluarga untuk menduduki posisi kunci; (5) kinerja tidak penting, tetapi yang lebih penting adalah kemampuan untuk membangun hubungan dekat dengan pemilik; (6) perusahaan keluarga akan berakhir di tangan generasi kedua, dan (7) perusahaan keluarga tidak memandang SDM sebagai aset penting perusahaan.

Keywords: leadership, succession, existence, company, family.

INTRODUCTION

Some company owners are aware that succession is very important in the survival of the company so that it needs to be planned to ensure the continuity and success of the company in the future. However, not many company owners do and carry out succession planning in their companies. Based on research from The Jakarta Consulting Group (Susanto, 2008), it shows that family companies in Indonesia have not all prepared successors through succession planning to lead the company. Family companies that have prepared successors through succession planning are 67.8% while others (32.2%) do not or have not prepared them. Succession planning is very important to maintain and develop standards of excellence from the company's performance and competencies, as well as to answer the needs of future executive preparation, so succession planning is an inevitable need. Family companies in Bali also experience the empirical and theoretical phenomena described earlier.

The growth of family businesses in Bali began with the proliferation of companies in the early 1980s, when the tourism industry was growing. The tourism industry gets strong support from the Bali Provincial Government, because it absorbs a lot of labour, a very significant investment, as a driving force for the community's economy. The family still mostly manages the emerging family companies traditionally. Most of the management of these companies have now shifted their leadership to the second generation, and some have even moved to the third generation. Jakarta Consulting Group (Susanto, 2008) states that there are 7 (seven) myths of family companies related to succession, namely: (1) unprofessional family companies; (2) there is no separation between company finances and personal finances; (3) family companies are considered unable to implement sound systems and procedures; (4) family companies only provide opportunities for 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) family companies will end up in the hands of the second generation, and (7) family companies do not view HR as an important company asset. By paying attention to the number of family companies in Bali and

especially the myths of family companies, it is very interesting to conduct an empirical study on this matter.

METHODS AND PROCEDURES

The data analysis techniques used in this research are: Descriptive qualitative analysis technique, which aims to present, describe or describe, describe, explain and explain clearly and systematically the data obtained in the field. The analysis process is carried out from the data collection stage through the process of organizing data which includes a series of categorization or coding processes, data interpretation, disclosure of relations between categories. Then an analysis of the relationships built is carried out in order to obtain an inductive theory of the research topic. Likewise, the data collected from distributing questionnaires to tourism entrepreneurs who have the concept of a family company in Bali.

RESULTS AND DISCUSSION

Hollinger (2013) states that one of the important succession planning indicators is leadership. Brockhaus (2004) says family attitudes are values in a family are important as well and potential successors must receive support, trust and a positive attitude from the family. Sharma (2004) states that succession planning in a family company is largely determined by the desire of the incumbent, who is generally the founder/owner to give management authority to the next generation, the existence of family commitment, trust in the prospective successor and the leadership spirit for the successor candidate. Susanto (2007), in relation to the selection of the crown prince or daughter, there are two basic mistakes that often occur. First, the criteria for the crown prince were never announced. Second, the crown prince was determined too soon. However, each of them has different conditions. Therefore, it is necessary to make a criterion that becomes a benchmark in the selection process. Furthermore, all of them are expected to improve themselves and compete to meet these criteria. According to Fishman (2009), the successor selection process talks about the value of communication in the selection process and the value of objectivity in the successor selection process.

The main value of successor selection is to always communicate the succession plan to family members and the parties concerned as early as possible and be sensitive to reactions that may arise within family members. Objectives are needed to select successors by identifying the objective factors needed to run the business effectively. These factors are as follows:

- a. Passion Successor candidates need to know what succession requires, including the sacrifices and commitments the candidate needs to make. Only successors who truly have passion are willing and able to sacrifice and make commitments for the success of the family business. Without this passion, successors will fail in running a family business regardless of their abilities.
- b. Competence can be defined as the knowledge, skills and personality traits needed
- c. to achieve high performance. This means that people with certain characteristics are predicted to have high performance in a position.
- d. Aptitude (talent) Technical ability in being an FBL is not enough. A talent for quick thinking, independence, and the ability to solve problems creatively is required by a family business.
- e. Vision of successors need a vision to adapt and change the business in order to stay competitive and grow. The vision in question is a vision that is able to see the "big picture" of a family business.

The succession process is one of the important points in the journey of a family business. Not a few of the family businesses have failed in the transfer of management. This issue shows the importance of preparing for the next generation from scratch. As has been said will is much more important than ability. How important is the determination to start a business, including a business started by a family. Therefore, so that every child can have a strong will and will, including in business, there are 4 main things that parents need to do with their children according to Soediby (2012): 1. Independence 2. Empathy 3. Problem Solver 4. Thinking out of the box. The four shapers of the business spirit will be stronger if accompanied by good education for children (Soediby, 2012). In addition, Susanto (2007) describes pre-succession as an early

stage in succession, discussing the successor criteria needed to become the next generation. The criteria consist of several indicators: 1. Motivation, it is very important that before joining the company, the leader must be able to identify the motivation of successors because successors in family businesses have a difficult role. 2. Education and experience, in the succession process, the next generation is obliged to increase their knowledge and skills to become capital that can be utilized for the success of the next generation in carrying out strategic tasks, experience working outside the company before joining a family company will also provide added value. According to Walsh (2011, p. 20-51) dimensions in succession planning divided into two : 1. Management Succession (management succession) relates to executive leaders who are professional and competent, have the skills and commitment to manage the business. Aims to be prepared to be the next generation in management positions and with management related to the family component. Aims to have an impact on the ability of the family business to transition management. Succession management processes through family communication, grooming successors, and Process Management. 2. Ownership Succession (leadership succession) is related to the transfer of ownership of the company to the next generation. Leaders must know the business values that have been planted in the company. An important process in ownership succession relates to family members to set rules in the family business through family communication, family governance and shareholder agreements. From the various concepts, definitions and theories above, there are 5 (five) indicators that can be used as succession planning indicators according to Hollinger (2013), Brockhaus (2004) and Sharma et al. (2004), namely attitudes, desires of the predecessor (incumbent), commitment, trust and leadership.

CONCLUSION

The various explanations that have been presented in the previous sections provide a comprehensive picture and understanding of the succession in family companies, and the factors that influence the succession of successful family companies and the key

factors for the success of the family companies. The results show that values have a positive influence on successor characteristics, which means that the stronger the values emphasized by the owner (predecessor), the more successor characteristics are needed for leadership transfer (succession). Of the 15 indicators for the values variable, the craft indicator is the most emphasized, while the business experience indicator is the strongest for the successor characteristic variable. This can be interpreted that having a diligent nature by the successor will add to the business experience. Likewise, values have a positive influence on succession planning, which means that the stronger the values emphasized by the owner (predecessor), the better succession planning will be. For succession planning indicators, the desire indicator has the highest weight. It can be interpreted that the founder emphasizes the successor to have a diligent nature, so that there is a desire for the founder for succession to occur. While the characteristics of successors have a positive impact on succession planning. Thus, it can be stated that the better the successor characteristics, the better succession planning will be. Because the business experience indicator has the highest weight in the successor characteristic variables, and the desire indicator has the highest weight in succession planning, it means that with the successor's business experience, there is a desire for the owner to carry out succession.

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