SUCCESSION PLANNING IN FAMILY COMPANIES

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ABSTRACT

Succession in a family owned company needs considering so that the company is able to operate properly. Problems occur if no proper transition governance within the family members is carried out. As such, guidebooks are provided in order to ensure smooth successor transition process. The study on the Guidebook uses qualitative method. In fact, a smooth transition needs to consider a personality system, a family system, a ownership system and a management system. This study uses observation and interview as tools to collect data with purposive sampling used as a samping technique. Factors are identified in order to determine the succession of BLT in a family owned company and other companies in transition periods. This study aims at preparing the succession of BLT by providing guidelines while focusing on such aspects as personality, family, ownership and management systems. These guidelines are expected to offer the lens for companies to process smooth succession without resulting in any complications. Hence, the sustainability of the companies is guaranted.

Keywords: Family Business, Succession, Personality System, Family System, Ownership System, Management System.

INTRODUCTION

Expedition or logistics is a vital sector in the economy not only in Indonesia but also in other countries. Logistics play an important role in the economic growth since they supply people’s needs from urban to rural areas. The growth of logistics can be a good indicator for economic growth of a country.

According to the PWS Survey (2014), Indonesia's family business has contributed 25% to GDP with a total wealth reaching USD 134 trillion, and with a population climbing up to 0.2%. It is obvious that family business is a vital sector in the economic growth of developing countries. To many cases, these types of companies are the forerunner to multinational companies. Nevertheless, family owned companies have more complex problems than those of non-family. Poza (2010) has reported that in the United States 70% of the incorporated company are classified into family companies. In fact, as many as seventeen million companies are still in operation (including those with single ownership). According to Susanto (2008) one-third of the five hundred rich companies in America are owned and controlled by the families; meanwhile, 40% of GNP or 59% of the US GDP have been obtained from the family companies.

More than 95% of all business in Indonesia belongs to family business. Meanwhile, 60% in Southeast Asia listed open company are family companies whose leadership inheritance