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## The Family Role in Visionary Leader Recruitment Planning (Case Study in Family Company PT. DWI PRIMA REZEKY)

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**Abstract.** Planning for the recruitment of company leaders is the process of preparing leaders and also key positions in the next generation in accordance with adequate skills and competencies and placing the right family members at the right time for the sustainability of the family company organization. The purpose of this study was to determine the role of family members in planning the recruitment of visionary leaders in family companies, namely PT. Dwi Prima Rezeki. The technique for determining informants was taken by means of purposive sampling using three respondents and analyzed qualitatively. The research results obtained are PT. Dwi Prima Rezeki has prepared and planned the recruitment of visionary leaders and family factors where the prospective leaders have completed the final stage of formal education, informal education, in-company training, work experience outside the company and there is support from family members who assist prospective leaders. to be better prepared to run the company.

**Keywords:** Planning for Candidate Leaders; Visionary Leaders; Family Companies

### A. INTRODUCTION

Family companies play an important role in the economy in Indonesia. 95% or 159,000 of the 165,000 companies are family companies (<https://dayaqarsa.com/pembelian-menurun-padaahal-perusahaan-keluarga-pendorong-ekonomi-indonesia/>). Based on these data, family companies in Indonesia are private companies that have a large contribution to the Gross Domestic Product (GDP) of 82%. In general, in a family company, the role of the family occupies a strategic position, especially in maintaining the viability of the company. According to Donnelley (in Hidayat and Mukhtar, 2022) states that an organization is classified as a family company if there is involvement of at least two generations in the family and they influence company policy. Therefore, many family members occupy strategic positions in the company so that they can develop and control the company in order to survive.

A family business may not necessarily be able to pass through three generations, even four generations in general. Many companies are involved in a prolonged conflict to fight for power in the company. One of the important things in a family company is good leadership. Leadership is the ability to influence other people, subordinates or groups and the ability to direct the behavior of subordinates or groups. Leaders have special abilities or expertise in the areas desired by the group, to achieve organizational or group goals.

Leadership is the art of influencing others to want to cooperate based on the person's ability to guide others in achieving the goals desired by the group. Leaders can show dominance based on personal abilities that can encourage or invite others to do something that is approved by their group and have special skills that are appropriate in certain situations. The success of an organization is often associated with the success of leadership. In other words, if the leadership developed by a company can become an effective unit to move all organizational components in accordance with the direction and goals that have been determined, then this can be a sign that the company will be able to achieve the goals that have been set. Conversely, if the leadership that is developed does not have the ability to direct each component of the organization to move in accordance with the direction and goals that have been determined, then this can be a signal that the company is not going in the intended direction and is moving away from achieving the previous goals.

Change of leadership in an organization is a fundamental thing in the development of the organization, including in business organizations, both businesses managed by the state through State-Owned Enterprises (BUMN), as well as those managed by private parties. Succession planning as the development of a course of action that leads to a leadership transition from the old leader to the new leader. It is undeniable that planning the recruitment of visionary leaders is important in sustaining the company in the future. According to Ali and Mehreen (in Siambi, J., 2022) *"Leadership succession planning as a cyclic process of replacing existing leaders has necessitated adoption of succession planning programs that assure the organization of the stability at the management level, knowledge or skill level, and personnel level when the current managers depart"*.

The succession process according to Atwood (in Ibrahim, 2017) consists of six stages, namely preparation, conducting assessments, developing profiles, planning, implementing and evaluating. The succession of prospective leaders is often discussed, because in the future, a candidate for the successor to the company's leadership will be appointed. A successor in a nutshell can be interpreted as a potential successor to the company. The success or failure of the company is influenced by the competence and skills of the successor. The search for candidates who will become potential leaders can be done through two sources, namely internal and external. Internal sources come from within the circle of company employees, while external sources are workers who come from outside the company.

Recruiting prospective leaders from outside has advantages and disadvantages. Its strength lies in its readiness to work immediately or carry out its duties in a professional manner. As for some of the weaknesses, such as the person does not understand the culture and strategy of the organization so that at work the person has to make adjustment and it takes quite a long time. The success or failure of a company is determined by the vision of a leader.

This research was conducted at a family company in Indonesia, especially in West Java Province, namely PT. Dwi Prima Rezeky, which has been engaged in the aerosol and chemical products manufacturing industry since 1999. The choice of this location is because the company is known to be preparing for a second generation of leadership. Based on the

background described above, researchers were encouraged to conduct research with the title "The Role of the Family in Recruitment Planning for Visionary Leaders (Case Study in the Family Company PT. Dwi Prima Rezeky).

### Framework of Thinking

The author creates a frame of mind with the assumption that a visionary leader recruitment plan requires various things, starting from recruitment planning, involvement of prospective leaders, to achieving the leader's own recruitment plan. In this process, there is a process of transferring leadership values and knowledge to prospective leaders. The application of leadership values in the company is very important to ensure that after recruiting leaders, the leadership in the company has the same leadership values. In addition, knowledge or skills in leadership also need to be transferred so that what is owned by the current leader can be owned by the next generation of leaders.

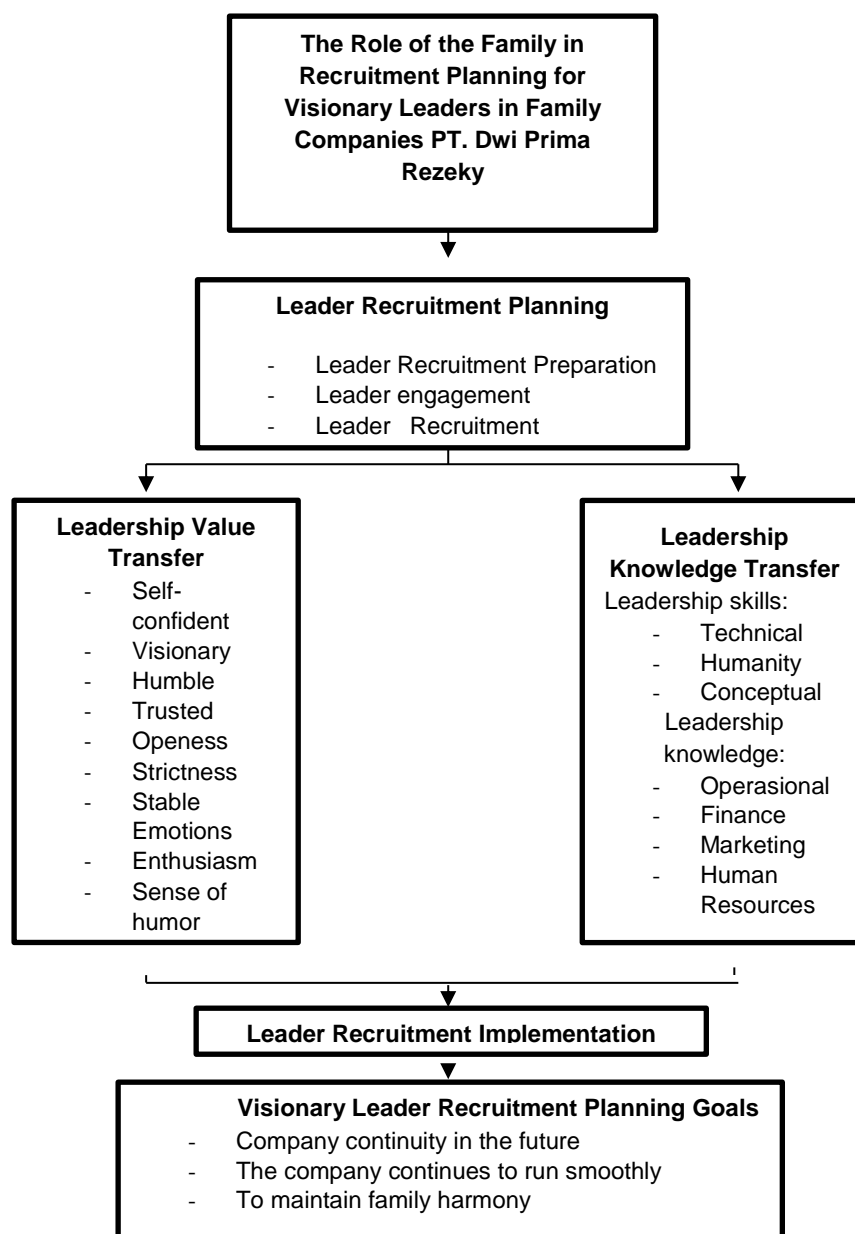


Figure 1. Framework of Thinking

## **B. LITERATURE REVIEW**

Management is a general term and implies many things. Defining management precisely is difficult because there are many definitions. According to (Sarinah and Mardalena, 2017) "Management is a process in order to achieve goals by working together through people and other organizational resources". In other words, management is the science and art of managing the use of human resources effectively and efficiently, and is supported by other resources within the organization to achieve the goals as planned.

Management in a broad sense can include self-management and organization. Management is also defined as the process of planning, organizing, staffing, directing, and controlling human efforts to achieve organizational goals effectively. Each writer/expert has their own way of defining management, but in principle they have almost the same vision and mission in the process of achieving success according to organizational goals.

According to (Hasibuan, 2019) "Human resources are the science and art of managing relationships and the role of the workforce so that they are effective and efficient in order to help realize company, employee and community goals". The role of human resources in organizations is very important because these human resources are the managers of the system, so that this system continues to run, of course in its management it must pay attention to important aspects such as training, development and motivation. In this case human resources are used by management as one of the important indicators of achieving organizational goals effectively and vitally.

### **Human Resources Theory**

Human resource management (HRM) is one area of general management which includes aspects of planning, organizing, implementing, controlling, and supervising. This process is contained in the function or field of production, marketing, finance, and staffing. In an effort to achieve organizational goals, the problems faced by management are not only found in raw materials, work tools, but also involve employees (human resources) who manage these other factors. The element in management is the workforce in an organization, so that in HR Management the factor that is considered is the people themselves. At present many organizations realize that HR is the most important organizational problem, because it is through human resources that other resources within the organization can function or be carried out.

The role of HR management in carrying out HR aspects, must be managed properly so that policies and practices can run according to what the organization wants, which includes activities including: conducting job analysis, planning workforce requirements and recruiting prospective workers, selecting prospective employees, conducting performance evaluations, and others. Performance is the end result of a particular job or activity. If we do a job well, then we will produce good performance too. In an organization if employee performance is good, it will create good organizational performance, and vice versa if employee performance is not good, this will form bad organizational performance as well. Mangkunegara (2007:67) argues that performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him.

### **Leadership Succession Planning Theory**

Every company basically has a desire or hope to continue to exist in the business world, including family companies. This desire or hope can be applied through planning and preparing leaders for the next generation carefully and with full consideration, because it will

affect the age of the company. Leadership succession planning is part of human resource planning, which in its implementation must be adjusted to the company's strategy so that the main planning objectives are achieved. Sudiro (2011: 163) argues that, the need for managerial staffing in the future and the making of planners for "Succession planning is described as having the right people in the right place at the right time. More specifically, succession planning is the ongoing process of identifying future leaders in an effort to move into leadership".

It can be interpreted that succession planning is placing the right people at the right time or more specifically, a series of processes to identify future leaders and train and develop them to be able to act as leaders. If conclusions are drawn from the opinions of experts, leadership succession planning is a process of preparing leaders and also key positions in the next generation in accordance with adequate skills and competencies and placing the right people at the right time for the sustainability of the organization itself.

### **Organizational Culture Theory**

Culture has been an important concept in understanding societies and human groups for a long time. Culture in the sense of anthropology and history is the core of different groups and societies regarding the perspective of its members who interact with outsiders and how they complete what they do (Rivai, 2003). By definition, culture is elusive, intangible, implicit and taken for granted or standard. Culture as a pattern of shared basic assumptions acquired by a group when solving problems of external adjustment and internal integration that has worked well enough to be considered valid and therefore is expected to be taught to new members as the correct way to perceive, think and feel related to the problem (Rivai, 2003). Organizational culture is a system of spreading beliefs and values that develops in an organization and directs the behavior of its members.

Organizational culture can be the main competitive advantage instrument, that is, if the organizational culture supports the organization's strategy. Robbins (2002) defines organizational culture as a system of shared meaning shared by members that differentiates the organization from other organizations. Schein (1985) defines organizational culture as a pattern of basic assumptions discovered or developed by a group of people as they learn to solve problems, adapt to the external environment, and integrate with the internal environment. Meanwhile Brown (1998) as cited by Kenneth et al., (2007) defines organizational culture as a pattern of beliefs, values, and learned ways of dealing with experiences that have been developed throughout the history of the organization which manifests in material arrangements and organizational behavior.

Based on some of the definitions of organizational culture above, it can be concluded that organizational culture is the norms, values, assumptions, beliefs, habits that are made in an organization and approved by all members of the organization as a guideline or reference within the organization in carrying out its activities both for employees or for the benefit of others.



### C. RESEARCH METHODOLOGY

Method is a way of working that can be used to obtain something. Meanwhile, research methods can be interpreted as work procedures in the research process, both in searching for data or disclosing existing phenomena (Zulkarnaen, W., et al., 2020). This study uses a qualitative approach, namely to describe and elaborate on leadership succession planning and organizational culture within the scope of human resource management. The method used is literature review by analyzing several relevant articles and focusing on the analysis of leadership succession planning on organizational culture. The articles obtained from Google Scholar included the keywords "leadership succession planning, organizational culture, human resources".

Articles are selected based on several characteristics. First, explain leadership succession planning and organizational culture. Second, the results of the research. Third, it doesn't differentiate between locations. Fourth, prioritizing the year of publication with a range of 5 years back.

### D. RESULTS AND DISCUSSION

#### 1. Leadership Succession Planning

Leadership succession planning is an important process in family businesses to ensure business continuity and a smooth transition from one generation of leaders to the next. In this study, leadership succession planning is also part of the family's role in planning the recruitment of visionary leaders at PT. Dwi Prima Rezeki. In the context of a family company, leadership succession planning involves identifying and preparing potential leaders from within the family to take over key leadership positions in the future. This is done to ensure that the family's long-term values and vision are maintained as the generation of leadership changes.

Leadership succession planning involves several steps, such as identifying potential leaders, evaluating their qualifications and skills, and the development needed to prepare them to become competent leaders. In this study, the role of families in leadership succession planning has been found to be part of their role in planning the recruitment of visionary leaders. Family companies such as PT. Dwi Prima Rezeki is unique in leadership succession planning because it considers family factors and family values in determining potential leaders. Families play an important role in evaluating the qualifications and abilities of prospective leaders, and ensuring that their vision is in line with the company's long-term vision.

In addition, leadership succession planning also involves the process of developing leaders carried out by the family. Family companies can provide prospective leaders with training, mentorship and relevant work experience programs to prepare them holistically as visionary leaders. Good leadership succession planning in a family company has long-term benefits. This enables the family company to continue the heritage and corporate culture, as well as ensure successful business continuity under visionary leadership. In this study, leadership succession planning was also found to be an integral part of the family's role in planning the recruitment of visionary leaders.

However, planning for leadership succession in a family company also has its own challenges. One of the main challenges is managing family dynamics, such as competition between family members which can potentially disrupt the succession process. Therefore, it

is important for family companies to have good communication, transparency, and a solid understanding of family values and the company's long-term interests.

In addition, leadership succession planning must also consider the individual abilities and competencies of prospective leaders. Not all family members are automatically suited or have the ability to take on leadership roles. Therefore, an objective evaluation of the qualifications and skills of prospective leaders needs to be carried out to ensure that the best ones are selected.

In family companies, leadership succession planning also often involves the division of responsibilities and roles between different family members. Families must consider internal family dynamics, individual skills and interests, and company needs in determining the appropriate division of labor. This will help avoid internal conflicts and ensure that leadership roles are distributed effectively among the members of the family concerned.

In the context of the family company PT. Dwi Prima Rezeky, leadership succession planning is an important part of the family's role in planning the recruitment of visionary leaders. The family has the responsibility to maintain the continuity of the company and continue the long-term vision that has been set. By carrying out good leadership succession planning, families can ensure that visionary leaders will lead the company to a successful future.

However, leadership succession planning should not be confined to the family alone. Being open to involving non-family members who have the appropriate qualifications and skills can also be a good option. This will help expand talent and enrich perspectives in corporate leadership.

In conclusion, leadership succession planning is an integral part of the family's role in planning the recruitment of visionary leaders in family companies. Through sound succession planning, families can ensure a smooth transition from one generation to the next, maintain the company's values and long-term vision, and face future challenges with competent leaders.

## **2. Organizational Culture**

Organizational culture refers to the shared norms, values, beliefs, attitudes, and behaviors that exist within an organization. This culture reflects the identity and characteristics of the organization, influencing the way it works, interacts, and makes decisions within it. Organizational culture can also influence employee motivation, performance, and satisfaction.

The following are some important points related to organizational culture:

1. Norms and Values: Organizational culture includes the norms and values held by members of the organization. Norms refer to the rules, policies, and procedures followed by the organization, whereas values reflect the principles that the organization considers important.
2. Communication: Organizational culture influences the way of communication among the members of the organization. Open, honest and collaborative communication characterizes a healthy organizational culture.
3. Cooperation and Teamwork: An organizational culture that encourages cooperation and good teamwork can improve efficiency and productivity. Collaboration, mutual support, and valuing each individual's contribution are important values in a healthy organizational culture.

4. **Fairness and Ethics:** An organizational culture that focuses on fairness, integrity and ethics will promote a professional and trustworthy work environment. Diversity, inclusion and respect for differences are also important values in organizational culture.
5. **Innovation and Learning:** An organizational culture that encourages innovation and continuous learning can create an environment that is adaptive and responsive to change. Opportunities to innovate, experiment, and learn from failure are important aspects of an innovative organizational culture.
6. **Orientation to Quality and Excellence:** An organizational culture that has an orientation to quality and excellence will result in high standards in product, service and organizational performance. This culture emphasizes the importance of achieving excellence and continuously improving oneself.
7. **Flexibility and Adaptability:** A flexible and adaptive organizational culture can adapt to fast changing environment. Organizations that have this culture will more easily adapt and innovate in facing new challenges.
8. **Leaders and Role Models:** Leaders have a critical role in shaping and sustaining organizational culture. Leaders who uphold organizational values, set a good example, and encourage the participation of organizational members will influence the overall organizational culture.

Organizational culture is not formed instantly, but develops over time through the influence of values that are lived and practiced by members of the organization. It is important for organizations to implement a good organizational culture.

## **E. CONCLUSIONS AND SUGGESTIONS**

Organizational culture plays an important role in directing behavior and performance within an organization. In this research, we have identified several important elements in organizational culture, such as norms and values, communication, cooperation, fairness, innovation, quality orientation, flexibility, and the role of leader. A strong and positive organizational culture can increase employee motivation, performance and satisfaction, as well as create a productive and adaptive work environment. In the context of PT. Dwi Prima Rezeky, it is important for companies to strengthen an organizational culture that supports the company's vision and long-term goals.

Maintaining open and transparent communication, encouraging collaboration and teamwork, and valuing diversity and inclusion will help create a strong and inclusive organizational culture. In addition, companies need to pay attention to the role of leaders in forming and maintaining a good organizational culture. Leaders must be role models in demonstrating and practicing organizational values, as well as providing support and clear direction to employees.

Following are some suggestions that can be given based on the findings of this study:

1. Companies must conduct an in-depth evaluation of the current organizational culture. By understanding the strengths and weaknesses of an organization's culture, companies can identify areas that need improvement or modification.
2. Conduct open and transparent communication with employees to ensure a solid understanding of the organization's values and goals. This can be done through regular meetings, using internal communication media, and developing an effective internal communication program.
3. Encourage collaboration and teamwork through cross-departmental team building, collaborative projects, or training programs that encourage collaboration among



- employees. In addition, recognizing and rewarding individual contributions in teamwork is also important for building a positive work culture.
4. Implement fair and transparent policies and practices to ensure fairness in employee decision-making, reward, promotion and development. This will help create an inclusive work environment and strengthen employee trust and loyalty.
  5. Drive innovation and learning by providing opportunities for employees to share their ideas and opinions, involving them in decision-making, and providing the necessary support and resources for new experiments and developments.
  6. Develop strong leadership and pay attention to the role of leaders in shaping a positive organizational culture. Through leadership training, leaders must be given skills and knowledge.

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