

CHAPTER I

INTRODUCTION

1.1. Background of The Study

Entrepreneurship is the process of establishing a corporation or firms to make a profit while developing and scaling it. Although that one is a little restricting as a foundational concept of entrepreneurship. Also, the more popular concept of entrepreneurship is about changing the future by addressing major issues. Like creating social change or creating a revolutionary product that contradicts the status quo on how we live our lives every day. What the concept of entrepreneurship does not tell you is that what people do to take their ambitions and dreams into their hands and lead them in the path they want is entrepreneurship. It is about, on your own terms, creating a life. With no bosses. No plan constraints. And nobody holds you down. Entrepreneurs are able to take the first step in making the planet a safer environment, for themselves, and everybody in it (Ferreira, 2020).

According to Park et al. (2017) in “A Study On Effect of Entrepreneurship On Entrepreneurial Intention”, the value of entrepreneurship has begun to be recognized as an aspect of fostering economic development since the beginning of the twenty-first century, such that research has been active in deciding how entrepreneurship

leads to growth. The concepts primarily used for entrepreneurship research are as follows: “Seizing an opportunity regardless of available resources” “The way of inferring, thinking and behaving focusing on overall approach and specific leadership based on the importance of recognizing the opportunities”. Entrepreneurship has been described as a discernment that an entrepreneur finds essential, rather than describing it as its psychological condition. The word is defined as the will of an entrepreneur to build a new company by demonstrating his/her demanding spirit by management creativity.

According to Park et al. (2017), he demonstrated to the young CEOs that entrepreneurship is a significant element in improving their business success and that they need to make an effort to improve their business skills. While the concept of entrepreneurship differed based on the conditions faced by particular firms, countries or generations, the definition was primarily used by recent research. Concept of definition states that entrepreneurship is a behavior that combines or redistributes resources with technology development, entrepreneurship and risk-taking intellects to create a new value. A positive energy that challenges or alters existing conventions by responding acutely to changing environments with an innovative and creative mind is the heart of entrepreneurship. Cultivating young people's entrepreneurship skills would be successful in addressing the issues of youth

unemployment, low and dropping rates of industrial development and leading to Korean economic growth.

PT. Indodaya Cipta Karya is a Foundry, Engineering and Machinery manufacture company, which is located in Medan, the Capital City of North Sumatra, Indonesia. Over the years they have establish and continue to be a reliable manufacturer and supplier of high quality finished steel products utilizing materials such as Cast Iron, Ductile, Cast and Alloy Steel. They specialize in manufacturing spare parts for Palm Oil industries and Machineries as well as Crumb Rubber equipments. Moreover, they are capable to produce customize products and spare parts for heavy machineries. With adequate casting technologies, skillful human resources, experiences and knowledge, they ought to produce high quality products and deliver within schedule. They have a vision to minimize import activities on palm oil machineries and spare parts. They also have a mission in which to innovatively manufactures palm oil machineries and spare parts with skillful human resources and utilizing modern technology (Internal Source, 2020).

The company is as of the moment experiencing decrease in their sales on 2020. The decrease on their sales are affected by the recent disease COVID-19 and also the succession planning that is happening within the company. The heirs of the company are now involved in the business operation that also may cause a factor where

there will be a slight adaptation need to be done. Not only decrease in their sales , they are going through the process who will replace the current owner/ leadership. Therefore the writer decides to do a research with the title **“THE EFFECT OF SUCCESSION PLANNING ON ORGANIZATIONAL SURVIVAL AT PT. INDODAYA CIPTA KARYA MEDAN”**.

1.2. Problem Limitation

This research will be done in confidential way to prevent any discomfort done to the company. Every research and analysis done need to be reported first to the management of the company which may consume time as they need to process if those are acceptable. This data is provided directly from the management of the company themselves. This research will require 61 employees of PT. Indodaya Cipta Karya Medan. Since this research need the respondent to see if succession can cause a huge impact, employees are the best to be the judge and they are the best to be the source of data. This research involve two variables which are succession planning (independent variable X) and organizational survival (dependent variable Y). The indicator for variable X are Mentoring, Management Development, Training and Business Continuity Planning . While the indicator for variable Y are Adaptability, Maintaining high performance standards and Achieving functional performance goals.

1.3. Problem Formulation

Analyzing how Succession Planning impacts the Organizational Survival at PT. Indodaya Cipta Karya Medan is the intention of the research. Therefore, this research attempts to answer the following questions:

1. How well does they plan for the succession planning in PT. Indodaya Cipta Karya Medan?
2. How does PT. Indodaya Cipta Karya Medan survive through generations?
3. How does succession planning effect the survival of organization in PT. Indodaya Cipta Karya Medan?

1.4. Objective of the Research

Understanding the important role of Succession Planning in impacting the Organizational Survival at PT. Indodaya Cipta Karya Medan is the main goal of this research. Upon completion of this research, it is hoped that it will result in better understanding of how Succession Planning impacts Organizational Survival. Hence, the purposes of this study are:

1. To find out how plan for the succession planning in PT. Indodaya Cipta Karya Medan
2. To find out how PT. Indodaya Cipta Karya Medan survive through generations

3. To determine how does Succession Planning effect the survival of organization in PT. Indodaya Cipta Karya Medan

1.5. Benefit of the Research

Write your benefit of the research according to the objective and problems found during the research for your skripsi. These can be separated into two kinds of benefit, which are:

1.5.1. Theoretical Benefit

As far as educational context is concerned, the accomplishment of this research will stand as a meals of extra learning about the impact of Succession Planning towards Organizational Survival. As a result, it can enrich the writers' understanding and improve future educational discussions of the similar topics.

1.5.2. Practical Benefit

The writer expects that this research will deliver three(3) benefits, which are as follows:

1. For the writer, this research would improve the experience and knowledge in the relationship between Succession Planning towards Organizational Survival in real-life setting.

2. For the company, this research would serve as a foundation for improving the company's performance by intergrating the succession planning in the system.
3. For other researchers, this research would be able to stand as their references when they conduct a research on similar topic.

