

## Leadership Style Policy After Acquisition; Case Study at PT. Karya Persada

Hendri Eka Jaya Putra<sup>1\*</sup>  Hilmy Wahdi<sup>2</sup> 

<sup>1,2</sup>Faculty of Economics and Business, Leadership Education Study Program,  
Universitas Pelita Harapan, Tangerang.

\*Correspondence : [hendriekajp1@gmail.com](mailto:hendriekajp1@gmail.com)

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### ABSTRACT

The purpose of this research is to identify changes in the company organization of PT Karya Persada, specifically 1) Examine how the organization of PT Karya Persada has changed since the acquisition. 2. Describe the changes that have occurred. 3. ) Analyzing the relationship between changing organizational aspects at PT. Persada's work. 4). Identifying the anticipation or management strategy used by PT Karya Persada in the face of this change. This research can also academically deepen knowledge about change management, organizational culture, leadership style, and learning organizational, as well as see the extent of its application, supporting factors, and constraints that arise in its application. The descriptive qualitative research methods were used in this study. The data in this study were obtained by conducting interviews with former employees of PT. Karya Persada who will go directly to take data at PT. Persada's work that has been obtained from the interview data is processed using NVivo 12 Plus Qualitative Software. According to the findings of this study, there is a change in organizational culture, such as a family-like spirit that becomes more procedural and full of control. Less discipline became much more disciplined from the start. Furthermore, a previously opaque culture has become more transparent, with clearer rewards and punishments, including at higher levels of promotion and career advancement.



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### INTRODUCTION

Companies around the world are facing the Industry 4.0 era which has resulted in many fundamental changes in the business world ([Tortorella et al., 2020](#)). Companies that move so fast in today's business world demonstrate their dependence on global markets, which many companies did not face in the past. Due to intense business competition, innovation and technology are developing rapidly, as are changes in the business environment, labor mobility, and economic and marketing pressures. These businesses compete not only on a national level, but also on a global scale. The company's focus has shifted, for example from material assets to human resources, as a result the company's biggest assets are no longer physical assets stored in warehouses, but people and the knowledge they possess. In principle, a company can no longer use the old mindset and way of designing its strategies because they

are not relevant to the current industry situation due to rapid changes. The conditions that occur show that the only thing that is constant in the modern business world is change itself. An organization cannot control the changes that occur in its surrounding environment, but on the contrary the organization is able to control attitudes towards these changes ([Clemmer, 2003](#)). A company cannot wait until the changes that occur cause unfavorable impacts. Proactive efforts are the best actions the company can take in anticipating the changes that occur. The consequence of this decision is a continuous process of transformation based on the concept of learning.

PT. Karya Persada (KP), is a national private company in the field of EPC (Engineering, Procurement and Construction) in the Gas and Oil sector, which is loaded with technology and knowledge. During its 35 years of existence, PT KP has been able to carry out engineering and construction work in the very difficult industrial sector which has almost always been handled by foreign companies. Many domestic and foreign projects with high profile values, varying degrees of complexity, which are currently or have been completed by PT KP, several projects that have been undertaken include Plaju Aromatic Center, Cilacap Paraxylene, LPG Arun, Gresik Ammonia Urea Plant, Sulfuric Acid Plant, LNG Bontang Train-E, Train-F and Train G, Man Made Great River in Libya, Petrofact in Kuwait, Joint Partnership with Chiyoda in Yokohama, Japan and others. The EPC work process involves a very complex process. There are many phases of work that must be carried out since the signing of the cooperation contract. The process includes basic engineering, detailed engineering, procurement, construction, precommissioning and mechanical completion, commissioning and start-up, performance test and operational acceptance. The eight processes are handled simultaneously or simultaneously by the company's operational divisions.

In carrying out its business processes, this company involves human resources (HR) who have high knowledge and skills. As many as 80% of the employees owned by PT KP, the education level is equivalent to Strata 1 (S1). These human resources are required to always be able to develop high technology continuously, including all divisions of the company, both those related to production and support divisions. This company wants to foster continuous development of the competencies possessed by each of its employees. This is very necessary because it is closely related to PT KP's core business, namely EPC for heavy industries. With a core business like this, the company's business environment is strongly influenced by technology and knowledge that is constantly evolving. This has resulted in PT KP having to always follow the changes that occur and be anticipatory towards these changes in order to be able to compete with other competing companies in similar fields. In their business development and innovation efforts, many companies in the world have successfully carried out Mergers and Acquisitions in their business journey ([Akhmadeev, 2015](#)). In 2010 there was an acquisition by the Japanese company Toyo Engineering Corporation. This acquisition certainly brings a significant impact not only in terms of management, finance, markets as well as work culture and leadership style. In this study, researchers are interested in trying to examine whether there are significant changes to the work culture and leadership style that occur at PT KP after the acquisition process has been running for more than 9 years. Considering that prior to the acquisition, all employees felt that PT KP had a "unique" leadership style, work culture, and management system. Kinship, typical of Malay culture, is deeply entrenched and rooted.

This acquisition process made PT KP rethink its business strategy. The replacement of the majority shareholder with the work culture and leadership style of this company. This causes PT KP to carry out organizational renewal through the people and knowledge in it. This research is important to do to help the management of PT KP to understand the changes that occur so that they can use them for the progress of PT KP's business. One way for companies to be able to renew or transform is through learning. The success of an organization can only be achieved by an organization capable of turning into a learning organization. In the context of the PT KP organization that has been acquired, this learning is done collectively and takes place continuously. Companies need to know exactly where they are before determining what kind of learning strategy will be carried out. In writings ([Tobin, 1997](#))

explains that there are five important foundations in learning organizations, namely; 1) strong leadership, committed and clear, 2) basic thinking skills development, 3) overcoming functional myopia barriers, 4) building and maintaining effective learning, and 5) managers as process determinants.

## RESEARCH METHODS

According to ([Sugiyono, 2017](#)), the research method is basically a scientific way to obtain data with certain goals and uses. Based on this, there are four keywords that need to be considered, namely the scientific method, data, purpose and usability. The scientific method means that research activities are based on rational, empirical, and systematic scientific characteristics. According to Williams in ([Moleong, 2018](#)), qualitative research is data collection in a natural setting, using natural methods, and carried out by naturally interested researchers. The definition describes that qualitative research is highly oriented to things that are natural. Based on this explanation, it can be concluded that the research method is a scientific method that can explain natural phenomena that can even be experienced by the author himself, which is ultimately used to obtain data in accordance with research studies with certain objectives and uses. This research is a qualitative case study research. Field research procedures that produce descriptive data, in the form of written or oral data from the observed subject. This research is descriptive qualitative. Data in descriptive qualitative research is data collected in the form of words in the form of one of the former employees of PT KP who will go directly to take data at the head office of PT. KP.

No	Name	Age	Education	Position
1	Boni	59	S1	Project Manager
2	Feri	54	S2	GM HRD
3	Hani	40	S1	Senior Engineer

Table 1. Characteristics of Subjects (Informants). Source : Author, (2021)

According to ([Sugiyono, 2017](#)), data is a collection of evidence or facts that are collected and presented for a specific purpose. Data can also be interpreted as all information obtained from people who are used as informants or from documents, either in the form of statistics or in other forms for research purposes. The data sources referred to in this study are the data subjects from which the data were obtained. Sources of data used in this study include Primary data is data taken from the first source at PT KP's head office. The primary data sources include, among others, Directors or Senior Managers, employees who have worked for more than 17 years who have experienced two different phases of ownership. Secondary data is data obtained from a second source after data primary. This secondary data can be obtained from the library, books about the organization and documents or internal records relating to changes in the organization of PT KP. Data collection technique is a systematic method or process in collecting, recording and presenting facts for a particular purpose. According to ([Sugiyono, 2017](#)), in qualitative research, data collection uses three types of data collection techniques, namely interviews, documentation, and observation. Interview method (interview) is a two-way verbal communication carried out by two parties, namely the interviewer and the interviewee. In this research at PT KP, several sources will be interviewed, such as senior managers and employees who have worked for at least 17 years. Due to the pandemic, only interviews were conducted to obtain data.

Bogdan & Biklen in ([Moleong, 2018](#)) explains that data analysis is an effort made by working with data, organizing data, sorting it into manageable units, synthesizing it, looking for and finding patterns, finding what is important and what is learned, decide what to tell others. ([Sugiyono, 2017](#)) said that data analysis is the process of systematically searching and compiling data obtained from interviews, field notes, and documentation, by organizing data

into categories, describing them into units, synthesizing, compiling into patterns, selecting which are important and what will be studied, and draw conclusions, so that they are easily understood by themselves and others. The analysis was carried out on the data based on inductive logic. The analysis will move from something specific or specific, namely those obtained in the field, towards a general finding, which will emerge through data analysis based on the theory used. The data will be sorted and taken to be a valid, reliable and important data source that supports research.

According to (Moleong, 2018) the stages of qualitative data analysis are as follows: Read/study data, mark keywords and ideas and in data; Studying the keywords, trying to find the themes that come from data; Write down the 'model' found; Coding that has been done Data Interpretation; The purpose of data interpretation according to Schaltzman & Straus in (Moleong, 2018) has three objectives, namely, descriptive purposes only, a combination of description and analytic or substantive theory. In the research context at PT KP, the researchers tried to use a combination of descriptive and analytic data interpretation. In the interpretation of this model, the organizational design is developed from the categories found and the suggested relationships or emerging from the data obtained. Thus a new description of noteworthy can be achieved.

## RESULTS AND DISCUSSION

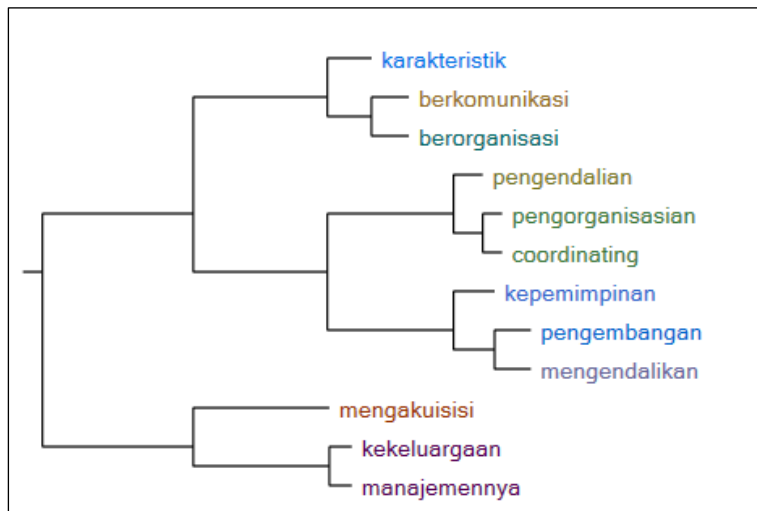
As mentioned above, this qualitative research only uses online interview methods in data collection. This is because there is a process set by PT KP where WFH (Work from home) is applied, where employees are asked to work from home to prevent the spread of covid. Based on the agreement, all names and company identities have been changed. The interview was conducted on February 19, 2021 online. Based on the interviews conducted, several discussions were obtained, including:

- a. World Frequency Queries. That is exploring the words that appear most often in research (Singer, n.d.) . With this NVivo 12 Plus analysis tool, words that have the same meaning can be categorized in the same group. From the above analysis for the most dominant word is Leadership, it can be interpreted that the company's organizational management in connection with acquisitions is strongly influenced by leadership (Bass, 2000) where in the picture word frequency queries are written larger and bolder.



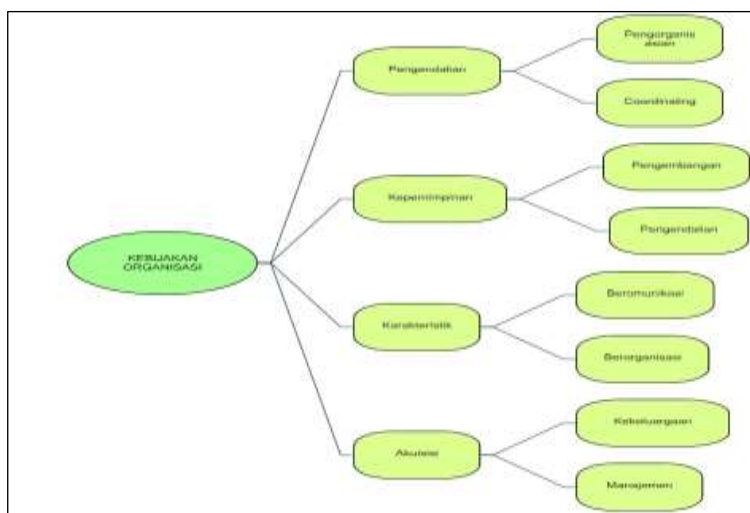
Picture 1. Word Frequency Queries Image, (2021).

- b. Cluster Analysis. Compare the words contained in the interview data sources or want to compare the similarity of the words of the coding themes stored in the nodes.



Source : NVivo Author (2021)

- c. Cluster Analysis Image. The results of the cluster analysis above show that only a few themes have a strong correlation, which has a value of 1, namely: characteristics, communicating, organizing, controlling, coordinating, leadership, developing, controlling, acquiring, kinship, management.
- d. Mind Map and Project Map. One of the important elements to display research results in qualitative research is the use of the Mind map and project map features in NVivo. Mind Maps and Maps. Project Map is a Map that is sourced from coding that has been made previously in the form of files, nodes and relationships, this refers to the theme of the coding results so that you can visualize the coding results.



Picture 2. Mind Map Images by NVivo Author, (2021)

From the Model Map above, it can be seen that in organizational management policies have a focus on control, acquisition, characteristics and leadership with the biggest factor in leadership in terms of development and control ([Hinduan et al., 2009](#)).

### Leadership Style Change Policy

- a. A more controlled and detailed leadership style. This is revealed in an interview with Hani as follows. That's the way it is and it also has a check list, so every time we go there the document is there so the error is there but minimized it's more detailed, but in Japan, I feel

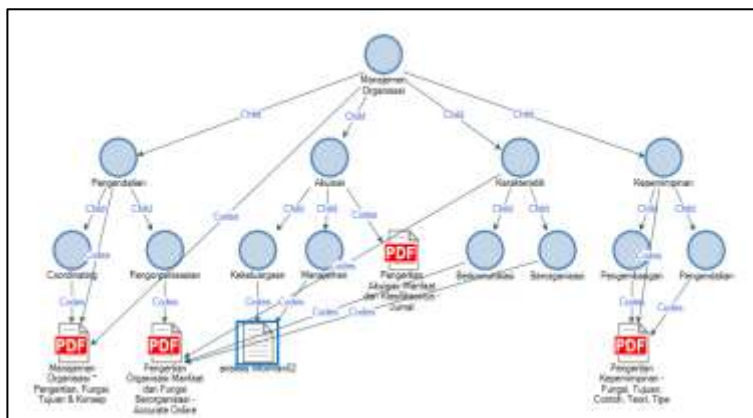


that 3 is the most influential like that (w01p02), So the main director is a Japanese person, so the bottom-up is really a lot of changes like that and what I applaud from this director is that he can know about small problems in the project, yes every Monday morning there is a board of directors meeting and a meeting with leader Yes, that's what the problem is, it's a small problem that we don't think is important, it has to be solved, so he knows and he provides a solution (w01p05) .

- b. Assertive Leadership Style. In addition, from the interview, it was also found that there was a change in the management strategy of a more assertive leadership style after the acquisition . This is as stated by informant number 02 in the following interview excerpt: With this condition, PT Karya Persada is indeed a culture of work, if we can say kinship becomes family, so it's an example if there is a wrong employee, it's simple, we don't try to expose but we approach it personally, including if we want to do punishment, it doesn't sound like that, so it seems maybe it's more "maintaining privacy" that's what happened in something like that. Well, as soon as they entered, there was a change at that time, I don't know exactly. Is it about the character of the person? if you talk straight to the point, so that means that the person concerned as president director was known at that time, we got information from Toyo there, take this person a shot of one person who is a tough person because the construction person has a long experience so that also affects the pattern the management is signed in when he says ba hwa if you're not happy or don't fit in the IKPT, please leave, that's a loud statement from him. (w02p02). This assertiveness in leadership even provides a clear alternative choice for employees who do not accept the changes in culture and rules that occur. The option to resign is given by the board of directors to employees who do not accept the new post-acquisition policy.
- c. Leadership Style puts forward by Example. In addition to being controlled, detailed and firm, the leadership style strategy applied after the acquisition is a leadership style by example. Where a director gives an example to subordinates by displaying a qualified work spirit, as stated by informant no 02: The problem is that they also work overtime, so we don't go home from morning until night, so they also set an example, yes, the military, yes. As a leader, they set an example for working in this way. Is it consistent to see that they are doing that, they are them? They're really favorites they know it's like that and friends know it (w01p07)
- d. Situational leadership strategy. In the context of transforming work culture and changing organizational structures and others, the management of PT Persada Karya applies situational leadership ([Robbin et al., 2017](#)). This is done to further speed up and simplify the changes that are being made. Because change in an organization certainly requires a time-consuming process and is not without obstacles ([Arijanto et al., 2018](#)). Situational leadership strategies applied include:
  - Situational leadership that is firm without compromise, as can be seen from the narrative of informant 02: The Japanese employees and people actually have various standard leadership styles, even including the leadership styles that people tell us to do, but I don't know if this is by design or not, but I see it, that is, sending people according to what it means. I don't know if this is ok, but we see after this, from several phases, it turns out that the person chosen was the right person for his era. So the first person who came was someone who couldn't be said to be a hard person, so that person was all hit if he didn't think it was suitable anymore please check it, if not, if you don't want to go alone, so go, that's roughly how it is for (w02p06) This assertive situational leadership was applied by management early in the acquisition. This is intended so that the old habits and culture can be quickly replaced with the culture desired by the new shareholder.
  - Firm but democratic and accommodating situational leadership After running for 2 years, situational leadership has shifted to being democratic and accommodating but remains firm according to procedures. As stated by informant 02: Now that's 1 year, the first 2 years in the following year, apparently he brought along if we say 1 staff of directors but this turned out to be prepared by them for success today, indeed when

he came in, roles were already given, not like I said earlier, Why? No. It turns out that this is said to be prepared by them with slightly different characters compared to the first one who is more able to play between tough leadership and wise leadership, I'm not saying soft but wise, meaning that he can play according to his condition, only the directors who this second after the first change the first one is more inclined towards hard yes but the second this second one can play both sides both sides if he has hard but at the same time he can also be democratic democratic style (wp02p07).

- Harmonious style situational leadership, after running for 5 years, apparently the management is trying to change the leadership style to harmony. This may be done after the culture and work ethic have been assessed as expected. This can be seen from the interview with informant 02 but it turned out to be led to these 3, the third person changed again hastily the material This is in contrast to the first which I also saw seeing this phenomenon is funny too So the first one is very hard the second he can play quite a draw the third is very So gentle, he tends to be dominated by opinions from local management, namely directors from my local area as a person and HR, seeing that the third one is actually almost the same as the previous IKPT condition, so it's like this, it turns out that Japan doesn't have the same pattern, it seems that it has finally returned to that person. Yes, when we are family, what is the orientation towards it. Yes, harmony is relaxed, yes, too. So what's the matter, right? (w02p07).



Pictuer 3, Project Map Image processes by Nvivo, Author (2021)

- Approach strategy on employee welfare. In addition to discipline, strict regulations, it turns out that management also provides an approach to providing facilities and welfare and satisfaction to employees ([Wulandari et al., 2015](#)) such as for example, female employees are given additional vacation leave of up to 6 months. And also providing breastfeeding rooms for female employees who bring children. Then the second one I feel is more in that direction or women, oh yes, what is more friendly, female-friendly, if you say Yes, it means that there is a breastfeeding room provided for breastfeeding mothers, I just gave birth, it's better than before then we are given leave, sir, so it can be 3 months paid and 3 months unpaid Even though the first 3 months are paid and the third 3 months are unpaid.
- Strategies for improving skills & knowledge for employees. In addition to welfare, the skills and knowledge of employees are also improved. This is reflected in the narrative of informant 01: Yes, that's right, how does he fulfill as an employee, he also wants to upgrade his knowledge and do I apply myself I want to go to this training, I want to take this course, is there really a program from how before it was acquired, maybe we can learn more by learning on our own, I wonder what if you can't do it yourself, if there's already a training program, love. So, for example, if someone wants to be projected to become a leader, then the training will be at this level, like that, outsiders and professional institutions are often invited to do training. Now, the hearts used to be

different and now are different. Now, indeed, the fulfillment of the need for training from work must be considered to fulfill To improve his ability, pay attention, which is really important. Now, we can get a lot of training from professional institutions. (w01 p08) Opinions that strengthen the above information as stated ([Islam et al., 2020](#)) are:

1. Transformational Leadership significantly influences Championing Behavior during organizational change
2. Transformational Leadership significantly influences trust in the context of organizational change
3. There is a positive relationship between trust and Championing Behavior in the context of organizational change.
4. Trust mediates the relationship between Transformational Leadership and Championing Behavior in the context of organizational change.

## CONCLUSION

Based on the findings of the research above, which was carried out with the help of NVivo12 software ([Maziak & Ward, 2008](#)), it can be concluded that the acquisition process has caused PT KP to change its business strategy, culture, and management policies, all of which are in accordance with the majority shareholder ([Cortvriend, 2004](#)). The change of majority shareholder is often accompanied by changes in the work culture and leadership style of this company. This causes PT KP to carry out organizational renewal through the people and knowledge in it. Based on the results of interviews with the three informants above (informants 01, 02 and 03) the researchers obtained several main conclusions, including: That the organizational culture of a company is strongly influenced by the culture of the majority shareholder which is represented by the directors (upper management). This is in accordance with Schein's statement in ([Wirawan, 2013](#)) that organizational culture is a pattern of basic assumptions that a group has found, determined, and developed through a learning process to deal with the problem of adjustment (adaptation) of external groups and integration of internal groups. The external group in this case is the new majority shareholder, namely the Japanese company (Toyo Corp). When the foreign company joins, it automatically becomes an internal part of the newly acquired company.

From the analysis of the results of the interviews above, there is an organizational culture that has changed, from being full of kinship to being more procedural and full of control. From being less disciplined to being much more disciplined. In addition, the previously less transparent culture has become more transparent where rewards and punishments are clearer, including in promotion and career levels. Changes in organizational culture that are quite fast and relatively without significant turmoil are possible because the management of PT. Karya Persada implements several situational leadership style strategies, adjusted to the phase or passage of time after the acquisition process occurs. Starting from a firm leadership style without compromise in the first and second years. This content is in accordance with what is stated by ([Wren & Bedeian, 2008](#)) that leadership style will affect the effectiveness of a leader in an organization to lead his organization. Then in the 3rd year, participatory and democratic leadership styles began to be displayed and finally, a harmony-oriented leadership style.

In addition, one way for companies to be able to carry out updates or transformations is through learning. According to ([Senge, 1997](#)) that the success of an organization in making changes can only be achieved by an organization that is able to turn into a learning organization ([Tortorella et al., 2020](#)). In the context of the PT KP organization that has been acquired, this learning is done collectively and takes place continuously. Companies need to know exactly where they are before determining what kind of learning strategy will be carried out. In his writings ([Tobin, 1997](#)) explains that there are five important foundations in learning organizations, namely; 1) strong leadership, committed and clear, 2) basic thinking skills development, 3) overcoming functional myopia barriers, 4) building and maintaining effective learning, and 5) managers as process determinants.



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