

HUMAN RESOURCE MANAGEMENT STRATEGIES TO IMPROVE PERFORMANCE OF FAMILY COMPANY

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Abstract

This paper aims as a result of a research study of family company on improving company performance by developing employee motivation and employee orientation to the future. Method of approach made by a review of concepts, EOS conducted a survey and distributing questionnaires to 52 respondents representing all the divisions that exist in a family firm. The results of the survey EOS entrepreneurial culture was the highest support in improving company performance. Improved performance of family company affected several aspects : shortening the bureaucracy and regulations, employee motivation, providing a clear career path, an opportunity for employees to own shares of the company as a sign of deep loyalty and commitment among employees to the company. In family companies, employee involvement as a shareholder in a company has a variety of benefits. For example, the availability of sufficient capital to support the production process of the company, increasing employee loyalty and a sense of belonging to the company, increasing employee motivation for the implementation of the Corporate Entrepreneurial (CE).

Keywords: strategic human resource management, work motivation, corporate performance, corporate entrepreneurial

INTRODUCTION

Changes in the world economic environment characterized by technological revolution and the rise of globalization makes the company's competitiveness in creating a service to consumers who increasingly effective and efficient (Lupiyoadi, 2007:194). This makes planning and forecasts about the market, industry, and information about the discovery of new technologies is increasingly difficult. Thus the question "what business are you in" is more difficult to answer (Lupiyoadi, 2007:195). According Lupiyoadi (2007:195), these changes require a new managerial mindset to produce effective strategies and strategic processes.

Knowledge intensity and information age have been changing the direction of competition into knowledge and learning. As a consequence, the cost for monitoring, controlling, and coordinating will be reduced. This is where the importance of learning needs. Information will be available at everywhere but the question is how managers use it efficiently. Lupiyoadi (2007:195) said that the symptoms present is what is called by Bettis and Prahalad (1995) as information-rich but interpretation-poor.

This is supported by the definition of culture Robbins (2007:513) who states that "Organizational culture is concerned with how employees perceive the characteristics of an organization's culture, not with whether or not they like them. This is important because it differentiates this concept from that of job satisfaction. "

Family Company

Family-owned business is a company that consists of two or more members of a family with financial control over the company (Wijaya, 2008:12). According Lupiyoadi (2007:162), private company is a form of business that is owned and operated by an entrepreneur. He is responsible for the overall corporate property and has the right to

benefit from the overall results of operations. But he also will have unlimited liability for debts incurred by the company if they suffered losses. This is because all his personal assets are in a state guarantee for the business to be run.

Wijaya (2008:42) said that a private company has its advantages include any profits just for individual entrepreneurs, simple organization, complete control, taxes up to taxable income is relatively lower than the corporate taxpayers. Weakness of private company that owner has responsible for all loss, unlimited liability, limited funds, limited skills.

Davis (1983) in Lupiyoadi (2007:252) said that the values and influences in the family can help the operations of a business and provide benefits for a company in the form of (1) tend to be trying to maintain a sense of humanity in the workplace, (2) long-term oriented (focusing on the long run), (3) quality oriented (emphasizing quality).

Implementation of Entrepreneurship as the Human Resource Management Strategy in the Family Company

The word entrepreneurship actually originated from French, the 'entreprendre', is meaning adventurer, lover and business manager. This name to describe entrepreneurs who are able to move economical resources from low productivity to higher levels and produce more (Lupiyoadi, 2007:2). Kao (1995) in Lupiyoadi (2007:4) refer to entrepreneurship as a process form which is the process of creating something new (new creation) and make something different from the existing (innovation). The goal is the achievement of individual welfare and value added to the community.

According Lupiyoadi (2007:7), Sukardi (1992) found nine characteristics of entrepreneurial behavior are:

- 1) instrumental: in many situations always take advantage of everything in the environment in order to achieve personal goals in business,
- 2) achievement: in a variety of situations always look better, more effective than the results previously achieved,
- 3) adaptable : always trying to adapt quickly in a variety of situations and relationships and can make himself the center of attention so as to stimulate other people to dialogue,
- 4) hard work: always involved in the work situation, never give up before the job is complete, prioritize work and to fill the time available with real action to achieve the goal,
- 5) self-confidence: always self-assured, does not hesitate to act even have a tendency to involve themselves directly in a variety of situations,
- 6) risk taking: always take into account the successes and failures in implementing activities in trying to achieve,
- 7) self-control: always refer to the personal strengths and weaknesses, the limits of know-how,
- 8) innovative nature: open to the new ideas, new perceptions, and new discoveries that can be exploited to improve its performance, a tendency to always imitate but through improvements in specific (innovative imitative),
- 9) independence: regard his actions as a personal responsibility, prefer to control working group, set goals and choose the alternative actions to achieve goals.

Stead et. al. (1984) in Lupiyoadi (2007:10) have been said that there are five quality of entrepreneurial behavior (5 P's):

- 1) purposeful: to set goals and achieve them,
- 2) persuasive: able to influence others to help in achieving the goal,
- 3) persistent: gradually achieve even sometimes through difficult times, failures and disappointments can not be obstructed his efforts,
- 4) presumptuous: dare to act as he wishes in when others are still in doubt, willing to take a calculated risk in using innovative approaches,
- 5) perceptive: able to understand the link between a series of options in achieving goals.

According Lupiyoadi (2007:11), McClelland (1996) have been said that the nature of self-employment is not a form of descent, but because the environment he can become an entrepreneur. According Lupiyoadi (McClelland, 1966:62), 'why entrepreneurs behave like an entrepreneur? the evidence suggest it is not because they are born that way, but because of special training they get in the home from parents who set moderately high achievement goals but who are warm, encouraging and non authoritarian in helping their children reach these goals'.

In the style of corporate entrepreneurship or intrapreneurship management, employees are given limited freedom within the formal structure of the company, within the framework of the company's operating management, to develop his own business. The idea of intrapreneurship distribute natural desire of employees to independent, get out of the pattern of superior-subordinate and the feeling of being "workers" only. Intrapreneurship need to be to considered the company in following:

- 1) dramatic changes in the market,
- 2) downsizing to improve efficiency,
- 3) overcome traditional weaknesses in corporate management,
- 4) global competition and
- 5) transmigration of employee which have the high of instinct of business as a result a company is too bureaucratic.

In a small company, entrepreneurial are supported by management that an intrapreneur can contribute ideas and realized it to add value the company. The company can identify and measure the entrepreneurial with Entrepreneurship Orientation Survey (EOS) which it created by Thornberry. Focus on increasing entrepreneurial are expected to improve the company's performance through innovation.

RESEARCH METHODS

The method used by using Entrepreneurship Orientation Survey (EOS). According Kerlinger (1973) that the survey is a research study which it had be done on a large or small population, but the data which it will be studied, had be taken from the population that found relative occurrences, distributions and relationships between sociological and psychological variables.

Techniques for analysis of data was using inferential statistics, often called inductive statistics or statistical probability, is a statistical technique used to analyze the sample data and the results applied to the population. The results of the questionnaire that was filled will be calculated to determine the validity and reliability. After it have been declared valid and reliable, these data do classical assumption such as normality test, multicollinearity, autocorrelation test. After that, the data were analyzed by using multiple regression analysis. Testing the hypothesis in this study was using the F test (ANOVA) to know the significance of the multiple correlation employee motivation and employee orientation to the future performance of the company.

RESULT AND DISCUSSION

Questionnaires distributed to employees in a family business some 52 sets based on proportional number of employees of each division. Characteristics of respondents include divisions, gender, age, level of education, length of work (period).

Table 1. Division

No	Division	Frequency	Percentage
1	Designer	2	3.85%
2	Merchandise & FU	4	7.69%
3	Visual Merchandise	3	5.77%
4	Marketing	9	17.31%
5	Accounting	13	25.00%
6	HR & GA	4	7.69%
7	Warehouse	15	28.85%
8	Internal Control	2	3.85%
Total		52	100%

Table 2. Gender

No	Gender	Frequency	Percentage
1	Male	15	28.85%
2	Female	37	71.15%
Total		52	100%

Table 3. Age

No	Age	Frequency	Percentage
1	< 30 years	41	78.85%
2	> 30 years	11	21.15%
Total		52	100%

Table 4. Level of Education

No	Graduated	Frequency	Percentage
1	High School	13	25.00%
2	D1 – D3	16	30.77%
3	S1 – S2	23	44.23%
Total		52	100%

Table 5. Period

No	Years	Frequency	Percentage
1	below 2	26	50.00%
2	2 – 5	21	40.38%
3	over 5	5	9.62%
Total		52	100%

The results of test validity employee motivation and employee orientation to the future shows that all items meet the criteria statement is valid and can be used for next research. From the assessment of respondents 63.70% of respondents considered that employee motivation and employee orientation to the future affect the application of entrepreneurial culture.

Respondents who choose the dimensions of future orientation was 66.35%. When compared to other dimensions in employee motivation, respondents who choose the future employee orientation has a significant role in applying entrepreneurial culture. Meanwhile, when viewed from the average, 27.88% of respondents disagreed to this individual orientation. In the dimension of employee motivation, 34.62% of respondents disagreed. It shows the fraction of respondents agreed that companies provide clear career path, the quickest way to the top position is doing the work according the prescribed job description, and important for employees to get a fair wage.

In the dimensions of corporate orientation to the future, 34.62% of respondents disagreed. This indicates that most of the respondents had been evaluate that the company provides the opportunity for employees to own shares of the company, employees have a dream to create their own businesses, and employees feel more comfortable in a organized environment. Employee motivation and employee orientation to the future positive effect on company performance.

CONCLUSION

Entrepreneurial culture within a company, especially in the family has an important role in improving employee performance. Employees are given the opportunity to develop individual skills and motivation within him so that employees feel ownership and responsibility for the company's progress.

On the other hand, the company provides a clear career path, a fair distribution of salary and the opportunity for employees to own shares the company has an important role in improving the performance of employees in family company. Some of human resource management strategies in improving the performance of family firms can be applied such as cut short the bureaucracy for investment costs beyond the budget though still controlling the budget; makes an annual program without relying on management consultants for strategic, but rather based on the mission and vision of the company; and develop the company based on plans which design in the annual program; have been designing and implementing SOPs are more flexible and dynamic.

Provision of suggestion box to accommodate the ideas of employees. It will be give input to determine the needs and expectations of its employees. The company does invest in R & D, customer satisfaction surveys periodically, try to be a leader in new product development, employees are given the opportunity to deliver new innovations for the development of the company. Company gives reward to the employees for their experiments in trying new things, solving existing problems quickly with the support of their superiors who have autonomy in making decisions.

The company provide a career path so that employees still expect a fair distribution of wages, corporate profits increased followed by an increase in employee benefits, payroll implement transparant to employees and give detail of monthly income earned. The company creates smooth lines of communication between managers and subordinates and among employees in different departments, company does transfer employees and conducted periodic training to enhance work motivation. The company provides an opportunity for employees to own shares of the company. This may increase the loyalty of the employees of the company.

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