

AN ANALYSIS OF FAMILY BUSINESS MANAGEMENT BASED ON FAMILY FIRM REPUTATION

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ABSTRACT

This research was conducted to find out how far the business management model is carried out by the family. The data of this study were obtained through a literature review. By looking at the existing literature, several comparisons of models for starting and running a family business will be obtained. The results of this study indicate that family business management has three aspects, namely business management, family management, and ownership management. The possibilities for cracks in the family business were found starting with the inactivity of the previous members in running the family business. The Family Firm Image factor consists of a depiction of family agreements, channels or channels used, member behavior that reflects values, and the history of family business sacrifices. If this is neglected then the family business will not be able to run well.

Keywords: Business, Family, Management

INTRODUCTION

A family company consists of two different elements, namely company, and family, where each other attracts each other but has an opposite system. In simple terms, a company is an ethnic group that prioritizes professionalism in its work patterns, while families tend to prioritize love and affection. Although at first glance the two systems contradict each other, it turns out that not a few family companies have better performance than companies that are purely professional or do not have family influence in them.

Family firms are recognized as having attracted attention in the management and entrepreneurship literature and are the subject of discussion by researchers in various parts of the world. In previous eras, family companies were often considered to be similar to entrepreneurship, especially when the family company started on a small scale. However, simply in the general sense of entrepreneurship, business creation often overrides the "family dimension" where which is the main concern in the study of family firms.

Family companies, including very large companies, are generally founded by an entrepreneur or "Copreneurs" for various reasons. Among them are to earn a living, create jobs for themselves, their families, and friends, and leave a legacy for their families. Meanwhile, Cassila said that family companies were founded as a consequence of the entrepreneurial behavior of a founder or more that determine and exploit their entrepreneurship. They must be maintained and even increased for the next generations so that the family companies they have founded can survive, continue to develop, and create family wealth and well-being.

LITERATURE REVIEW

Family Business

Nowadays, society's need for financial income is very high, and the existence of money supports the sustainability of life in the family. In the current era, creativity is needed from the community to be able to survive under the pressure of increasingly heavy daily needs. Families must be able to solve family economic problems in a way that does not impact problems in the future. There are many tempting offers from various financial companies which in the end will only cause the family to be in bigger trouble. Many criminal practices

are based on the great need for money and the people's desire to get money in a practical and fast way.

In several developed countries, family economic problems are overcome by carrying out family-based business activities. They have developed many family-based micro-enterprises to reduce dependence on job vacancies from both government and private companies. The number of entrepreneurs in these countries seems to support economic growth in these countries. In Indonesia, this trend has begun to emerge, as can be seen from the start of the franchise business, such as in the fast food business, retail stores, service businesses, and so on.

Small businesses that have been developing lately, if observed, have indeed implemented professional business management. Characterized by an established HR structure, a clear payroll system, and an accountable financial management system. Unlike the case with family businesses in the past, where problems always arise when the business has grown to be large. The problem of injustice and unclear distribution of profits has caused family businesses to go out of business more quickly. This condition is exacerbated by the low ability of the family to manage work which has an impact on the confusion of work responsibilities.

To achieve success, even the smallest business must be supported by professional management. This is done to avoid internal conflicts, especially within the family, which will result in business continuity. A clear division of tasks and responsibilities as well as a clear profit-sharing system will ensure business continuity.

Family Business Culture

Many family businesses eventually fail due to unprofessional management and a lack of a strong corporate culture. Like any other organization, family businesses develop a certain way of doing business that gives the company its uniqueness. Specific and unique patterns of behavior will shape the corporate culture. Corporate culture is a pattern of behavior and beliefs that shape the characteristics of the company.

Corporate culture encompasses many different attitudes and beliefs. Company culture will explain how a company functions. W.Gibb Dyer in Longenecker, has identified a set of cultural patterns that use three phases of the family enterprise namely: real business, family, and government. Business patterns, family patterns, and government patterns shape the overall cultural configuration of a family corporate culture.

An example of a business pattern is a company's belief system and behavior related to the quality of the products it produces. Leaders provide understanding to employees to always maintain product quality and maintain good relations with consumers. Employees view these as the values of the business culture. Through company decisions and practices that place top priority on customer service, family business leaders can build a business pattern based on a strong commitment to producing high-quality products.

Family Role

Why do family companies have a dominant role? Because of its positive characteristics: involvement of family members, high commitment, and high interdependence. Compared to public companies, family companies generally tend to have a long-term view of their business. This is somewhat different from companies that often rely heavily on short-term considerations because they are related to stock fluctuations. Leaders in family companies may have different views than employees, customers, communities, or other important stakeholders, which has a positive impact on the quality of their products. Owning a name

and product makes family business leaders more aware of their place in the community, which encourages them to protect their reputation.

Business Inspiration

Before running a business or family-scale business, several things must be done, including seeking information about the types of businesses that are feasible to develop now, seeking information about products that are currently in demand by the market, and so on. Various information media can be used to find this information, including newspapers, the internet, business magazines, and even popular books. Not only that, sometimes chatting with co-workers or chatting with neighbors will also provide insight into business opportunities that can be developed. But don't get trapped by chatter with a high fantasy level because it will only trap us in the illusion business which will eventually lead us to losses in the future.

Another channel that can provide business insights is counseling from government agencies. The government, through the department of industry and trade or even from the small business enterprises (SME) service in the regions, conducts many outreach activities and even training aimed at the community to develop entrepreneurial activities in the community. Not just counseling and training, capital assistance is sometimes given as a stimulus for people to develop their businesses.

Some of the problems that cause people to lose inspiration to create independent businesses of which is their reluctance to continue businesses in the past which had to be stopped. Meanwhile, the cessation of previous businesses was not always because the products produced did not sell well in the market, but was caused by management that was not well organized or at that time the community was not ready to accept the products because they were not used to it. It would be nice for families who have conducted independent business activities in the past to re-identify their business problems, especially if the business activity is very unique and not many members of the community can develop it. If the problem is management, the family must start planning a business with professional management so as not to get stuck in family management which will eventually cause problems in the future.

The habit that often occurs in our society in conducting business activities is to be carried away by trends, people are impressed to join in when a particular business looks more promising. Very few people want to create a new type of business because they are afraid of experiencing losses, they prefer the type of business with a clear market and compete with existing entrepreneurs. Product differentiation with the same type of business is possible so that product accumulation does not occur in the market. Shrewdness in developing this product is needed to develop a family business.

METHODS

This research uses the literature study method in this article. By collecting some references to previous research related to the title.

RESULTS AND DISCUSSION

Determining the Family Business

Before planning to carry out family-scale business activities, the family must first identify the form of the business. These forms of business include trading businesses, service businesses, and production businesses of both food and goods. The form of this business must be determined based on the expertise possessed by the family. Even if the family is forced to not understand the form of the business, there are efforts from family members to seek knowledge both formally and non-formally related to the field of interest. The clarity of

the form of business will greatly determine the direction of business activities in the future. Market segmentation, product positioning, promotional activities, determination of place of business, and pricing will be largely determined by this form of business.

After the form of business is decided, the next step is to determine the type of business. If the family determines the form of a service business, the various types of business options include tutoring services, hair salon or haircut services, repair services, workshop services, and vehicle care services. Trading businesses include trading basic food products, building materials, office utensils, clothing, children's toys, motor vehicle spare parts, and so on. Production businesses include the production of snacks, staple foods, and food-based souvenirs. If the production of goods can include: the manufacture of household appliances, office equipment, vehicle spare parts, and so on.

After the type of business is determined, the family must determine whether or not the business is feasible. Business feasibility is not only determined by the possibility of market acceptance of the products but must also be based on the human resources and natural resources owned by the family. Even if human resources or natural resources cannot be fulfilled in the family, whether the surrounding environment can fulfill them or not. Assessment of business feasibility is very important for business continuity.

After the type of business that has been determined is considered feasible, the next step is to gather family members to discuss the continuation of decision, whether to continue or not. If it has been agreed to continue the business, the next step is to distribute the duties and responsibilities of each family member. This distribution is very important and as much as possible is agreed upon by all family members who will be involved in business activities, so that in the future there will be no misunderstandings and/or throwing of responsibility between one group member and another.

Planning A Family Business

After family members agree to determine the type of business to be carried out, the next step is to do business planning. The initial stage is to determine who the leader of the business is. Leaders are people who are trusted by all family members and are expected to be able to make decisions for the common good. In addition, leaders must also have a long-term view of the business to be carried out. This view will greatly determine the direction and goals as well as business development in the future.

The views of the leadership are then outlined in the vision and mission of the business. The mechanism for developing this vision and mission is the authority of the leadership, but it would be nice if the development of this vision and mission was carried out by deliberation for consensus by all family members who will be involved in the business. If this deliberation can be carried out, the possibility of deviation by family members from the vision and mission of the business will be avoided, because they are directly involved in making decisions. Vision and mission in business activities are the perspective of business owners to see their business prospects in the future, vision is the aspirations and hopes of business owners to develop their business units. In achieving the vision, a short-term mission is needed to support the achievement of this vision. After the vision and mission have been formulated, the next step is to create job descriptions and responsibilities for family members involved in the family business. Job descriptions and responsibilities are needed to direct family members to their respective responsibilities so that with those responsibilities they will focus on their obligations. The job description must be clear and detailed, not double meaning and easily understood by the intended family members.

The next step is to determine the source of venture capital. Today the sources of business capital vary greatly. Many financial institutions offer money lending services with easy

conditions. However, as an initial entrepreneur, you cannot immediately use only one source of capital. If it is still possible other alternatives would certainly be better. Selling assets or pawning assets is an alternative that can be tried to find initial capital or another way is to invite investors to want to invest in the business being developed. If the business to be run has bright prospects, many investors may invest their money in business capital.

Assessing Business Feasibility

Assessment of business feasibility is very important, especially in the business planning phase. This feasibility assessment can be carried out through an analysis of estimated business profit and loss for a certain period, an analysis of market feasibility, analysis of future developments. Financial analysis can be carried out by estimating the number of potential markets that can be used as consumers of the products produced. Studies on product market analysis can be done by looking at similar business developments elsewhere through the internet or newspaper studies.

Market feasibility analysis is an estimate of the potential consumer market. Estimation of the potential market is done by grouping the market based on age, gender, economic level, type of job, and others which are then adjusted according to the characteristics of the products produced. A good product is a product with clear market segmentation, so that producer can accurately estimate the number of potential markets for their products. Determination of the selling price is also determined by this market estimate. After the potential market is known, further analysis is carried out whether the market is feasible enough to be entered or not. Other characteristics such as economic level, occupation, age, and others influence the feasibility of this market. With the same market segmentation from one region to another, it will have an impact on different decisions.

The next analysis is the forecast of future development. Manufacturers must estimate how long the product lasts without innovation. Then whether the product is very possible to be developed or not so that consumers do not become bored.

The next analysis is to calculate the estimated business break-even point. The breakeven point is the meeting point between the amount of capital and income which is calculated based on the number of products sold. Break-even analysis is done by calculating the fixed costs divided by the selling price plus the usual variables. The selling price is determined by calculating the variable costs to produce the product plus the amount of profit expected from the product. With this analysis, producers can estimate at what production capacity the company will reach a breakeven point. These achievements are then estimated by the amount of production and or sales per day so that in the end it will be possible to estimate the approximate time unit to reach the breakeven point.

Managing A Family Business

A very important factor in ensuring business continuity is managing a family business into a professional business. Professionalism in running a business at the family level is not as easy as when running a business with other people. The subjective assessment of family members is one of the root causes of unprofessional management. The first step that must be taken by business leaders is to align expectations and business visions among family members. Each family member must have the same views and the same aspirations for the business he is doing.

One way for family members who are involved in business activities to understand the vision of the business is to always communicate. Disclosure of information will minimize suspicion between family members. The vision that is built will be useless when fellow family members are suspicious.

A family business is not without problems, there will be many challenges faced by families when the business is running. Even though business is the only way for families to provide for their economic needs, family integrity must remain a top priority. Don't let it be just because of material pursuit, family integrity is sacrificed. In running a business, managers must be good at separating family problems and business problems, so that there are no mixed problems that will destroy the business itself.

After communication within the family can be well established, the next step is to develop business relationships. Business relations with external parties are needed to expand the market. A business without the role of external parties in the marketing process will cause the business to not develop which causes sluggishness in conducting business.

Minimize Conflict

The many problems that will be faced by families when running a family business certainly have to be faced, not to be avoided. Some things that can be done to minimize family conflict when running a business include: making written agreements, holding regular meetings, making rules regarding the involvement of external parties (son-in-law/grandfather), keeping family members involved in business with different responsibilities, and having no family members. families that create similar businesses, develop moral teachings about continuing the business in the next generation and designate one family member as a trusted intermediary.

To minimize conflict, managers must first identify the forms of conflict that often occur in family businesses. After the form is known, efforts to minimize conflict are necessary before conflicts occur, this is done so that business managers do not have to face problems that often occur in other family businesses.

Success In Family Business

Family relationships become something that supports and greatly influences the success of a succession. The closer the family relationship is in the succession process, the easier the succession will be implemented. Conversely, the further the family relationship, the higher the difficulties encountered.

Another thing that influences the success of succession is the control function. Several things in a family-owned business that are part of the family's control, among others, are ownership issues, and organizational structure. Hillier stated that although a family-owned business is a business institution that is relatively easy to run, on the other hand, it has a weakness, namely it often has a weak governance system because it is controlled by the family, so it is necessary to have parties outside the family who hold the controlling function, which functions as a management system more objectively and neutrally.

CONCLUSION

A family business is an enterprise owned, controlled, and operated by members of one or several families. A family business is a business that is owned and managed by one or more people who are still in the same family, terminologically, it can be classified into (1) Family Owned and (2) Family Business Enterprise. The characteristics contained in a family business give rise to several advantages and disadvantages in managing a family business. Family business management has three aspects, namely business management, family management, and ownership management. Conflicts that overshadow the course of the family business, starting with the inactivity of the predecessor generation in the family business or the death of the predecessor generation, resulting in several problems.

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