
The Effect of Family Management Style on Family Business Growth of UPI Tasikmalaya Students

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ABSTRACT

Family businesses play an important role in a global economy that is full of challenges in achieving sustainable growth. One factor that continues to be studied in this context is the family management style that includes decision making, resource management, and business strategy development, so as to achieve sustainable growth. The purpose of this study was to determine the description of the influence of family management style and family business growth, and to determine the influence of family management style on family business growth. This research uses quantitative methods with a descriptive verification approach to collect and analyze data. Quantitative data were obtained through questionnaires with a population of 200 students and 48 samples of students whose families own and run businesses. The object of this research is family companies owned by the families of Entrepreneurship Students of Universitas Pendidikan Indonesia. The results of this study indicate that there is an influence of management style on the growth of the family business of students of the Universitas Pendidikan Indonesia Kampus Tasikmalaya. The results of this study provide valuable knowledge on how families can improve their business growth through the right management style.



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1. INTRODUCTION

Nurwantoro & Sobirin (2013) define a family company as an organization with at least two generations of involvement in the family who are stakeholders in the company and each of these stakeholders will influence the Company's policy [1].

According to a survey conducted by PWC in 2014, in Indonesia 83% of family businesses scored good financial growth compared to the world average of only 65% [2].

According to a PWC survey in 2016 said that 95% of businesses in Indonesia come from family business as many as 85% of these companies have a large contribution to Gross Domestic Product (GDP) [2]. Family companies are one of the hopes to increase economic potential in Indonesia. But unfortunately, the family business in its sustainability often experiences ups and downs, so that business growth does not show encouraging things. Also explained in the book entitled "Family Company Succession" by Martini (2018), revealed that the advantages of family businesses are oriented towards business sustainability in the long run [2]. For this reason, it is very important for family businesses to pay attention to business growth and analyze what are obstacles to the continuity of the family business.

According to Oppenheim J, (2015 in Wijaya & Wijaya 2016), sustainability is the ideal of a family business [3]. Family businesses in Indonesia continue to compete to be number one from other competitors. The Company continues to strive for sustainable business growth related to the company in ensuring business growth related to the phenomenon of *sustainability* (Esasari & Mustamu, 2015) [3].

Management is a term that is quite widely used in every institution or business that certainly involves many people. The word management comes from the old French *menagement* which means 'the art of organizing and implementing' (Indartono, 2016) [4]. When a family wants to make a business, it is necessary to pay attention and implement management. The management control system in a family business is used as a tool to measure or regulate the performance of resources that have implemented strategies and visions that are in accordance with family business goals. Managing a family business is certainly the same as other businesses, a business must have a leader to manage the course of the business.

Every leader has different characteristics and leadership styles in achieving his family business goals, this is very important to organize and manage a family business. Leadership style is the way a leader behaves, communicates, and interacts with others in influencing others to do something. These styles can vary on the basis of motivation, power or orientation towards certain tasks or people (Nur, 2017 P, 5) [5].

Often there is poor communication between family members involved in the business and is usually experienced by the first generation to the next generation who experience differences of opinion in decision making and differences of opinion between the two resulting in conflicts in the family business. Mistakes that arise in the first generation are generally still not open to the development of the times in the current modern era which has undergone significant changes to existing trends. They don't want to accept criticism and suggestions because of a distrust of family members or future generations that their input can't move their business forward. In fact, family businesses held by the first generation still use a management style that is still not well structured which will later have an impact on the continuity of the family business [6].

According to the World Environment and Development Commission, Family Business Sustainability is defined as the use of current business continuity to meet the needs of future life without sacrificing the capabilities of future generations [3]. According to Ward (1987 in Oudah et al. 2018), to maintain a family business, there needs to be a plan so that intergenerational business sustainability can run well [3]. Bakoğlu & Yıldırım (2016), say that family businesses tend to have a long-term orientation [3]. It is understandable if the family business owner owns and makes long-term planning so that the business can survive and be passed on to the next generation to manage to ensure the business continues.

Family business decision making is a decision-making process in a company owned or controlled by the family to ensure the continuity and development of the family business. Decision making in developing a family business is a complex process and requires careful consideration. Some principles that need to be considered in making family business decisions include managing the company for the benefit of the company, and can involve several factors such as exploring problems, determining the right solution, and making decisions. In the context of family business, decision making is also influenced by the role structure in the family, where each family usually has a different role structure. Therefore, decision-making in a family business requires a mature approach and commitment to maintaining transparency and openness, both with family members and with employees.

Managing a family business needs help both from family members and the help of others such as employees, the more people who help in the running of the family business, the need for management to manage and control the business so that it can run well. Human resource management in a family business is an activity carried out by individuals and family members in achieving expectations and desires with relatively limited resources. Human resource management in a family business involves the process of planning, organizing, directing, and supervising the performance of the organization by using the resources owned to ensure that family members involved in the business can rely on each other. In family businesses, human resource management also plays an important role in ensuring that family decisions in transferring ownership to the next generation can have a positive impact on business continuity.

Efforts in maintaining the sustainability of the family business from the first generation to the next generation certainly need to be considered by every family member involved. There needs to be a good leadership style and the right strategy to maintain the running of the family business from time to time. To achieve the growth of a family business, there are factors that influence it, including communication factors, innovation factors, knowledge transfer factors and trust factors.

The communication factor was chosen by the researcher because it was supported by research by Rima Nurani Sukma, Suwandi Sumaritas, Nuryah Asri Sjafrirah (2016) entitled "COMMUNICATION EXPERIENCE OF FAMILY BUSINESS PEOPLE IN DEVELOPING CULINARY BUSINESS IN SUKABUMI CITY". The study explained that communication in family businesses is carried out, one of which is to develop a business and the most important thing is how to communicate and convey messages to parents as business pioneers, must be based on obedience to older people [7]. The innovation factor was chosen by researchers because it was supported by Dedi Rianto Rahadi's (2017) research entitled "TRANSFORMATION OF FAMILY BUSINESS INNOVATION IN SUPPORTING THE CREATIVE ECONOMY". The study explained that creativity and innovation can help develop businesses to reduce internal and external problems in managing family businesses so that the business can remain sustainable to the next generation [8]. The knowledge transfer factor was chosen by the researcher because it was supported by Gabriella Hanny Kusuma's (2015) research entitled "KNOWLEDGE TRANSFER METHOD IN FAMILY COMPANIES IN INDONESIA". In this research, in continuing the company, knowledge transfer is needed, both from within the company and from outside the company [9]. The trust factor was chosen by researchers because it was supported by research by Brendi Wijaya, Andreas Wijaya, and Renaldy Kurniawan (2018) entitled "THE INFLUENCE OF GOOD ATTITUDE, INTEGRITY, LOYALTY AND TRUST ON SUCCESSION IN THE FIRST GENERATION FAMILY OWNED ENTERPRISE (FOE)-BASED FAMILY BUSINESS". The study shows that trust has a significant influence on succession variables. The business owner feels entitled to choose a potential successor he trusts [10].

In a research conducted by Nur Hidayah (2016) entitled "Analysis of Management Control Systems for Improving Management Performance in Family Companies (Case Study at UD. X

Sidoarjo)". In this study shows the results of an increase in sales, profits, and expenses which the increase reflects increased management performance as well. There is an influence of leadership style on management performance which indirectly shows if leadership style affects business growth [11].

In a study conducted by Erlina Dolphina (2012) entitled "The Influence of Motivation, Leadership, and Work Culture on Employee Job Satisfaction and Its Impact on Company Performance". The result of this study is that there is an influence between leadership and company performance. That is, leadership is the process of influencing employees to achieve company goals. [12] The same results were also obtained by Ida Ayu Brahmawati and Agus Suprayetno in their research entitled "The Effect of Work Motivation, Leadership, and Organizational Culture on Employee Job Satisfaction and Its Impact on Company Performance (Case Study at PT. Pei Hai International Wiratama Indonesia)". [13]

The theoretical concept in terms of communication according to Agus M. Hardjana "Communication is an activity where a person conveys a message through certain media to others and after receiving the message then responds to the sender of the message". [14] From this opinion it is concluded that communication involves the process of conveying messages, sharing meaning, and interaction between individuals or groups. Communication also has the aim of creating a common understanding between the parties involved and influencing communicant behavior. Communication also involves verbal and non-verbal behavior, and is a reciprocal process involving both the sender of the message and the receiver of the message.

Theoretical concepts in terms of innovation According to Trott, "innovation is the heart or center of activity of every company because innovation plays an important role in the continuity of the company, as well as the management of all activities including the process of idea formation, technology development, manufacturing processes, and marketing of new products or products developed" [15]. From this opinion, it can be concluded that innovation is a key element in company activities ranging from the formation of ideas, technology development, production processes, to the marketing of new or developed products.

According to Mayer, "Trust is the willingness of one to be vulnerable to the actions of others out of the expectation that others will perform certain actions" [16]. It can be concluded that the belief is the willingness to be vulnerable to the actions of others in the expectation that they will perform certain actions.

The theoretical concept of knowledge transfer, according to Turban, "is that knowledge contains information that has been organized and processed to provide understanding, experience, further learning, and expertise as it is used for solving specific problems or business processes" [17]. It can be concluded that knowledge is information that has been organized and processed to provide understanding, experience, further learning, and expertise.

Previous research became a source of ideas and a basis for comparison for authors in conducting research. The difference in this study lies in the use of Management Style (X) and Business Growth (Y) variables and other studies tend to discuss the influence of leadership on company performance. Meanwhile, the similarity lies in the use of leadership indicators as indicators of management style. This study aims to determine the influence of management style on business growth in family businesses owned by students of Universitas Pendidikan Indonesia Tasikmalaya Campus.

2. METHOD

In compiling this research we used quantitative research methods using a descriptive verification approach. The flow of making this research begins with formulating problems. Because by formulating existing problems, it will have an impact on the results of the research that will be addressed later. Then, then we conduct a literature study, namely by reading and reviewing some relevant literature to strengthen the theories that we will research. Third, we submit hypotheses that serve to determine the

object of research and as an adjustment of the hypothesis to the problem to be studied, because the hypothesis and the problem must be appropriate. By proposing hypotheses we also hypothesized whether the influence of management style variables could affect the growth of family businesses. Fourth is to determine the method, we use quantitative research methods. Then the sampling technique uses probability sampling. We used simple regression analysis analysis techniques in compiling this study. Fifth, preparing research instruments, namely we use primary data generated from questionnaires distributed by researchers. The sixth is the stage of collecting data and analyzing data. Researchers process data using SPSS. In data processing, researchers test data with classical assumption tests, regression tests (t & r), and descriptive statistics, this data processing aims to measure variables how influential X is on Y and obtain results from this study. The last stage is conclusions and suggestions, namely providing a conclusion from the results of research that has been carried out using processed data. Advice here is addressed specifically to parties in need such as family business people, stakeholders, and for future researchers.

The type of data source in this study is using primary data obtained using data collection techniques through questionnaires with closed questions. There were 23 questions using the Guttman scale which were distributed through Gform for 3 days, namely November 12, 2023 to November 14, 2023 to students of the Indonesian University of Education, Tasikmalaya Campus, as well as being the population of this study. Meanwhile, for the object of this research is a student of the Indonesian University of Education Tasikmalaya Campus who has a family business. Then, a sample of 48 respondents was obtained from the questionnaire. So that later the results of the answers from the questionnaire will be used as a source of research data. After the data was collected, researchers conducted data analysis using simple regression analysis techniques to determine the results of the influence of Management Style (X) on Family Business Growth (Y).

3. RESULTS AND DISCUSSION

Results

Researchers conducted validity and reliability tests on question items representing Management Style (X) and Business Growth (Y) variables. after testing, the results of the validity test on variable X obtained a significance value of < 0.05 as well as variable Y, so it can be said to pass the validity test. In reliability testing using Cronbach alpha on variable X produces a value of 0.859 and variable Y 0.650 with both having a value of > 0.6 , so the results are said to be reliable.

Then Kolmogorov Smirnov's normality test was carried out which resulted in the value of Asymp. Sig of $0.068 > 0.05$. There is a curve that forms a bell on the histogram graph, so that from the test the data is normally distributed. In the multicollinearity test, a tolerance value of $1,000 > 0.100$ and a VIF value of $1,000 < 10.00$ were obtained so that it can be concluded that there are no symptoms of multicollinearity in the regression model. Then, in the heteroscedasticity test, the significance value of the X variable (Management Style) is $0.869 > 0.05$, therefore it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

Researchers process data by testing descriptive statistical analysis and obtain the results of the discussion as below:

Table 2. Descriptive Statistics

N	Minimum	Maximum	Mean	Std. Deviation
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Management Style (X)	48	12	21	144,583	2,96044
Family Business Growth (Y)	48	5	10	66,458	1,52273
Valid (listwise)	N	48			

(Source: SPSS 2023 processing data)

After conducting a descriptive statistical test of 48 respondents, the minimum value for variable X (Management Style) was 12 and the maximum value was obtained at 21. Furthermore, the mean value obtained is 144.583 and the maximum value is 2.96044.

Meanwhile, in the descriptive statistical test of 48 respondents to the variable Y (Family Business Growth), a minimum value of 5 was produced and a maximum value was obtained of 10. Furthermore, the mean value obtained is 66.458 and the maximum value is 1.52273.

Researchers processed data with Simple Linear Regression Analysis and obtained the results of the discussion as below:

3. Simple Linear Regression Analysis

Model	standardized Coefficients			t	Sig.
	B	Std. Error	Beta		
1					
	(Constant)	2,792	0,957	2,918	0,005
	Management Style	0,267	0,065	0,518	<,001

Dependent variables: Family Business GrowthTable

(Source: SPSS 2023 processing data)

Based on the table above, a simple linear regression equation can be created in this study

$$Y = a + bX$$

$$Y = 2.792 + 0.267X$$

From the linear regression equation above can be explained as follows:

The value of Konstata (a) has a positive value of 2.792. A positive sign means that it shows a unidirectional influence between the independent variable (Management Style) and the dependent variable (Family Business Growth). The value of the Regression Coefficient for variable X (Management Style) is 0.267. This means that if you experience an increase of 1 unit with a constant independent variable, the Y variable (Family Business Growth) will increase by 0.267. Based on the significance value from table 3, a value of less than $0.001 < 0.05$ is obtained so that it can be concluded that variable X (Management Style) affects variable Y (Family Business Growth). Based on the value of t, it is known that the calculated value is $4.109 > 2.013$ so that it can be concluded that variable X (Management Style) affects variable Y (Family Business Growth).

Researchers process data with Test f and obtain the results of the discussion as below:

Table 4. Test f

Model	sum of squares	df	Mea n Square	F	S ay.
Regression	29,26 4	1	29,2 64	16,8 87	< 001b
Residual	79,71 5	46	1,73 3		
Total	108,9 79	47			

(Source: SPSS 2023 data processing results)

Based on the table above, the significance value below $0.001 < 0.05$ and the table f value is $16.887 > f$ is calculated at 3.20. Thus, there is an influence of variable X (Management Style) on variable Y (Family Business Growth).

Researchers process data with the Coefficient of Determination Test or R Test and obtain the results of the discussion as below:

Table 5. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,518	0,269	0,253	131,641

(Source: SPSS 2023 data processing results)

Based on the table above, the coefficient of determination of 0.269 or equal to 26.9% means that there is an influence of variable X (Management Style) on variable Y (Family Business Growth) of 26.9%.

Discussion

Management style has an influence on business growth in family businesses owned by students of Universitas Pendidikan Indonesia Tasikmalaya Campus. This is in line with the results of research conducted by Nur Hidayah (2016) which states that improved management performance reflected in increased sales, profits, and market share is influenced by leadership style. In some literature that researchers have read, management style is a synonym of leadership style, so the types and indicators of leadership style can be used for management style. Increased sales, profits, and market share are factors that a business experiences growth. When the management style is applied in a family business owned by students of Universitas Pendidikan Indonesia will help achieve the goal of business growth.

4. CONCLUSION

Conclusion

A poor management style in the implementation of a family business has a negative impact on the growth of a family business. Management style (X) has an influence on the growth of family business (Y) in all students of Universitas Pendidikan Indonesia Tasikmalaya Campus who have a family business. If a family business cannot implement a good management style, it is not impossible that the family business will not experience growth in the family business and become an unsustainable business. Thus, management style becomes a factor that has an important role in creating family business growth.

Recommendation

To business people, especially parents, implement a good management style of resources in the family business by conducting good communication in discussion to make a decision, being able to receive suggestions and constructive criticism to create a better business, and being able to create a healthy business environment. So that later it is hoped that the existence of a good, appropriate, and appropriate management style can create growth in the family business.

To the next researchers, it is advisable to take a larger population so that the sample obtained is more so that the data obtained can be more diverse and easy to process or conduct more questionnaires from this study. Then, before doing further research, look for previous studies to get better literature studies, literature sources, and references so that the resulting research can be more perfect than existing research.

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