Leadership Style & Management System in Family Business for Z Generation Workers

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ABSTRACT

In Indonesia, family businesses still dominate the industrial world, based on the results of a survey by Price Waterhouse Cooper (PwC) in 2014, more than 95% of businesses in Indonesia are family owned. Family businesses usually adopt and maintain the initial values set by the owner who acts as the founder and creates the basis of the organizational culture. This tradition that has been very inherent and passed down from generation to generation can cause problems when there is a shift in the millennial generation towards Z generation. When there is a mismatch between the character of generation z and the company culture, both the leadership style and the company pattern that is applied can bring discomfort to workers and leaders as well. Workers' discomfort and dissatisfaction will result in increased employee turnover. In this research, the writer wanted to know the leadership style and management system that can be adopted by the company with the family business concept for z generation workers. So that the discovery of the character of a leader based on the results of research by Efferin & Hartono, namely the character of the father and *tarik ulur* is the character of a leader in accordance with generation z. And the family company pattern that is in line with the character of z generation who tends to like to work independently but still wants their soft skills developing is a participative pattern and a professional pattern. The research method used in this research is a literature study method. The literature study method is a series of activities that are compatible with the methods of collecting library data, reading and taking notes, and managing research materials.

Keywords: *"Family bussiness", " Zgeneration", "Leadership".*

1. INTRODUCTION

A family business or family company is a company whose majority shareholder is a family, and the management position is controlled by family members and it is expected that the family's descendants follow in their footsteps later as managers [9]. According to Aronoff & Ward [1] a company is said to be a family company or family business when two or more members of the company supervise the course of the company's finances. In Indonesia itself, family business still dominates the industry, based on the results of the Price Waterhouse Cooper (PwC) survey in 2014 More than 95% of businesses in Indonesia are family owned[16].

The management system applied to the family business usually will be greatly affected by the culture embraced by the owner. The company's vision and mission will also be influenced by the vision and mission of the owner's family. The family business typically adopts and maintains the early values established by owners who take on the role of founders and create the foundation of organizational culture [10].

Referring to family companies, as a company it is very risky to the detriment that makes them closer and constrained by old traditions and unchanged. This will also affect how the owner leads his company, such as the research results of Efferin & Hartono [5] which research on management control and leadership style in the family business, found there are 3 characters in the leadership style in the family business, one of which is the father model, where the owner acts like a father who is leading his family.

This tradition that has been very attached and hereditary from generation to generation can cause

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problems during the shift of human resources generation, namely from the human resources of the millennial generation to generation Z. Generation Z itself based on birth are people born in the range of 1995 - 2010. This generation z has extreme confidence characteristics, has an optimistic view of the future of their career, and tends to have initiatives in the field of business [6]. Gen Z is expected to reach 2.56 billion individuals globally by 2020. It is estimated that in 2020, they will occupy 20% of the workplace. At any time in one company, there will be three different generations, with distinct sets of values, behaviours, and attitudes [3].

Unlike generation x and generation y, generation z will give its colour in the development of business in family companies in Indonesia. Providing challenges for company owners in facing changes in employee character. The organization's challenge is not only to serve Generation X and Y but also to foresee the rising workplace needs of Generation Z so that employees who comprise sharing generations can work effectively.

Generation z has high expectations on the company they work for, they are not only satisfied with a large salary or permanent employee status, they need recognition of their work like their seniors in the workplace. At a time when hr characteristics are changing whether the management system and leadership style in family businesses that have been passed down from generation to generation will be able to balance with changes in HR characteristics?

Are companies able to adapt to changing characteristics from generation to generation? Twenge & Campbell [14] said that many young people entering the organization carry the expectation that they will be seen as competent as their seniors in the organization. This indicates that the younger generation is not only expecting high salaries. Twenge & Campbell [14] says "In addition to rapid growth, young employees also expect fulfilment and meaning in their work". At a time when the company is unable to meet the expectations of this younger generation, there will be problems, such as inconvenience, disconsionfulness, and complaints from young employees, and of course, the impact is that they choose to resign.

2. METHOD

This type of research is literature research or known as literature studies. A literature review is a study that examines or critically reviews knowledge, ideas, or findings contained in the body of academic-oriented literature, as well as formulating theoretical and methodological contributions to a particular topic [12].

According to Zed [15] literature study method is a series of activities related to the method of collecting library data, reading and recording, and managing research materials. The data source used in this research is secondary data that is data obtained or collected by people who research existing sources [8].

So in this research will be analyzed some previous research both research on family business and about generation Z. After that will be explained using the descriptive method that is the method used to look for elements, characteristics, properties of a phenomenon.

This method starts with collecting data, analyzing data and interpreting it. Descriptive methods in its implementation are carried out through survey techniques, case studies (distinguish from a case), comparative studies, studies on time and motion, behavioural analysis, and documentary analysis [13].

3. DISCUSSION

Denison [10] says that the family business typically adopts and maintains the early values established by owners who take on the role of founders and create the foundation of the organization's culture. Dyer [4] observed four patterns of business culture, namely paternalistic, laissez-faire, participative and professional. The cultural patterns applied to show how family company leaders use very different assumptions in running their businesses.

Dyer [4] explained that the first pattern is the paternalistic pattern, which is the most common culture in family companies. In this pattern, relationships within the company will be arranged hierarchically where the leaders, who are family members, retain all power and authority and make all decisions. Families don't trust outsiders and keep a close eye on employees. In addition, family members are given preferential treatment.

The second pattern is laissez-faire. This pattern is similar to the paternalistic pattern in numerous ways. Relationships are hierarchical, family individuals are given special treatment, and employees are expected to attain family objectives. Also, the orientation of these two cultures towards the environment and time is similar. They say, "We have no knowledge of this." In a laissez-faire culture, employees are seen as trustworthy, and they are given the responsibility to make decisions.

A management system based on paternalistic patterns and laissez-faire patterns will have a system focused on owner decisions, that as the owner of the company holds full control over the final decision and how the family business runs. As the owner has full rights to all decisions that exist in the company whether it is about finance, marketing, and production. In this system employees just do what the leader asks without arguing and asking questions.

The closed management system of the family company will affect closed leadership as well. Efferin & Hartono [5] explained one of the characters of family company leadership is the circle leadership character. A leader character where the owner of the company has people who are on the list of the owner's circle of trust, such as the core family that has a part in the business. The closer the circle of an employee to the owner the more obedient and loyal they are to him and vice versa [5].

This kind of management system will do a little harm to the leader or owner of the family business if it is still applied to generation Z workers. Dan Schawbel (2014) said that generation z prefers companies with leaders who are willing to listen to ideas and inputs and appreciate them. This indicates that the workplace is expected to prioritize the contributions made. The company will find it difficult to gain loyalty from generation Z workers given that generation z will be loyal to the company if the company provides opportunities to develop, gain new experience, and of course career path [6].

Dyer's third pattern [4] is a participative pattern, where relationships in this pattern tend to be more egalitarian i.e. all employees are considered equal and more group-oriented. The status and quality of the family tend not to be emphasized. Employees are considered reliable, and families endeavour to supply opportunities for employees to develop their abilities. This system pattern will greatly help the company to

unite all the generations that exist in the company. With participative patterns, z generation will be freer in developing capabilities, and there are opportunities to demonstrate their abilities. Participative patterns also support z's generation desire to gain immediate recognition for their work and abilities [17].

In participative patterns use management systems focused on the development and the future. Terms such as a boss, manager, and supervisor have been replaced with leader terms. Employees are considered co-workers in the company, where they also have a role as the "owner of the company" after one year of work [4]. This practice is expecting to decrease the accentuation on the utilize of titles and status symbols and to make a sense of community. This way the owner is no longer just a company owner but also a company leader and is tasked with providing direction.

This pattern is following one of the second and third leadership characters of Efferin & Hartono [5] namely the father character, the owner has the view that the company is like a huge family where the owner as of the head of the family, he needs to lead with excellent conduct so that his representatives can internalize his values. The characteristics of fathers and teachers in leaders can be said to be able to balance the expectations of generation z in a leader. Teresa bridges [2] says that generation z prefers a work environment that guides them and provides professional learning and development. Max Mihelich [17] also stated that they should have enough freedom to prove themselves and get immediate recognition.

The characteristics of this free generation z can be supported by the third leadership character of Efferin & Hartono [5] namely *tarik ulur* character. The character pulls out which means using soft and hard tactics at the right time. Proprietors utilize strategies that combine strict and remiss controls making representatives feel that they are enabled, indeed although they ought to be mindful of the limitations - the limits by which their conduct is worthy. So even if leaders give generation Z workers the freedom to develop their skills and improvise their work, there are still rules and systems that they must live by the vision and mission of the company.

The fourth family company pattern according to Dyer [4] is a professional pattern, in a family company where the owner's family decides to transfer

business management to a non-family company. This means that the system used is no longer based on the values carried by the owner. Usually, the relationships formed between employees are individualistic, with employees focusing on individual achievement and career advancement [4].

Intense competition between employees is a natural thing in the pattern of professional companies. Leaders at professional companies will be neutral and impersonal, employees evaluated based on their ability to contribute to the company's business profits. The need for an administration framework with professional patterns is one of them is likely to distance employees who utilized to work for the owner's family, unhealthy competition between employees and low commitment.

When juxtaposed with the character of z generation professional pattern is a pattern that corresponds to generation z the most. Adecco [6] said that generation z prefers to work individually and tends to avoid working in groups. But this will change, generation z will consider the development of his professional life at the company with this pattern. This is regrettable, people who belong to generation z tend to appreciate the importance of soft skill development rather than hard skills. Signifying that although generation z enjoy their work independently they also greatly appreciate companies that are able to provide opportunities to improve their social abilities [6].

4. CONCLUSION

Based on the discussion of 3 characters of leaders according to Efferin & Hartono [5] namely the character of the father, the character of the leader who has a circle of trust, and the character *tarik ulur*. It can be said that the father character and the *tarik ulur* character are characters that can balance the characters of Z generation because these two leaders are able to meet the expectations of generation z, a mentor who gives feedback and opportunities to show their abilities. While the character of the circle of belief is considered to inhibit the development of abilities of generation z because of the favouritism of the owner.

If we look based on 4 types of family company patterns according to Dyer [4] namely paternalistic patterns, laissez-faire patterns, participative patterns and the latter is a professional pattern. Participative

patterns and professional patterns are patterns that fit the character of generation z. This professional pattern provides comfort to generation z because it is more lack of favouritism and more focused on the value of individual work, this corresponds to generation z being more comfortable with self-employment. But participative patterns provide an opportunity for generation z to remind the soft skills of generation z such as communication ability or social skill because this pattern is more group-oriented.

AUTHORS' CONTRIBUTIONS

The author confirms responsibility for the following: study conception and design, data collection, analysis and interpretation of results, and manuscript preparation.

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