

**The 2013 IBEA  
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on Business, Economics  
& Accounting**

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Hosted Jointly by



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THE 2013 INTERNATIONAL CONFERENCE ON  
BUSINESS, ECONOMICS AND ACCOUNTING  
HOLIDAY INN SILOM BANGKOK, THAILAND : 20 - 23 MARCH 2013  
**PROCEEDINGS BOOK**

**EDITED BY:**

PROF.DR. ASEP HERMAWAN

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IWAN EKAWANTO, SE, MM

MONA ADRIANA, SE, Msi

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Maranatha Christian University  
Bandung, Indonesia



Faculty of Economics  
Parahyangan Catholic University  
Bandung, Indonesia



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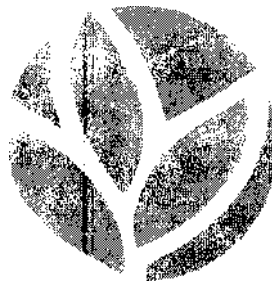
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## A MESSAGE FROM THE CONFERENCE CHAIR

It is my great pleasure to welcome you to this conference

His Excellency, Mr. Lufti Rauf, Ambassador of Republic of Indonesia for the Kingdom of Thailand. Dr. Yunardi, Education and Culture Attaché of Republic of Indonesia embassy for the Kingdom of Thailand.

The Keynote Speakers, Dr. Rasyid Al-Leem, Director General Sharjah Ports, Customs and Sharjah Free Zone Authority, UAE; Prof. Dr. I Komang Gde Bendesa, Vice Rector of Academic Affairs, Udayana University.

Our hosts, Trisakti University, MBA Program, Faculty of Hospitality & Tourism, Prince of Songkla University, Phuket, Thailand, Maranatha Christian University, Indonesia, Department of Accounting, Faculty of Economics, Parahyangan Catholic University, Indonesia; Faculty of Economics, Pelita Harapan University, Karawaci Indonesia.

Our sponsors, We Tour Thailand, Hamriyah Free Zone Authority Government of Sharjah, UAE and Thailand Convention and Exhibition Bureau

Distinguished Guests and all delegates /participants

We are honored and delighted to welcome you all to the IBEA - International Conference on Business, Economics and Accounting in Bangkok.

*We would like to make a few remarks on the range of participants attending in this conference. Participants in this conference are from several countries: Australia, Dubai, Estonia, Egypt, India, Indonesia, Iran, Israel, Japan, Korea, Kingdom of Saudi Arabia (KSA), Malaysia, Myanmar, Nigeria, South Africa, Sri Lanka, Taiwan, Thailand, Turkey, United Arab Emirates (UAE), USA and Vietnam.*

The 2013 IBEA International Conference on Business, Economics and Accounting will address several current global issues related to Economics, Accounting and Finance, Marketing, SMEs, Human Resource Management, Operation Management, CSR and Corporate Governance, and also a chance to discuss and formulating the options that they may consider as the appropriate strategies.

We do believe that this conference will be a forum for sharing knowledge about the practices of the organizations in dynamic environment of different issues. The conference will incorporate both conceptual and empirical research papers that link knowledge to different country contexts.

We would like to thank all the participants for being here to share the knowledge and experience. A special thanks to our hosts, sponsors and CAAL team for all their supports to this conference.

Finally, we are very grateful for the contributions of many colleagues, presenters, session chairs, authors, reviewers, attendants and other staff and institutions who have contributed to this conference. We acknowledge the significant contribution of our keynote speaker, Prof. Dr. I Komang Gde Bendesa and Dr. Rashid Al Leem.

Dear colleagues and friends, we wish you all an enjoyable Conference with a high enthusiasm, fruitful discussions and also a lot of fun in this city.

Thank you very much.

Prof. Dr. Asep Hermawan, M.Sc

## RESUME OF KEYNOTE SPEECHS

### 1. DR. RASHID AL LEEM

Director General of Sharjah Department of Seaports and Customs and Sharjah Free Zones Authority, UAE

Topic: " Leading in Tomorrow's World"

### 2. PROF.DR. IKG BENDESA

Udayana University BALI - INDONESIA

Topic: "The Role of Tourism"

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**THE IBEA 2013 INTERNATIONAL CONFERENCE ON BUSINESS,  
ECONOMICS AND ACCOUNTING  
HOLIDAY INN SILOM BANGKOK THAILAND  
20-23 MARCH 2013  
CONFERENCE SCHEDULE**

<b>DAY 1</b>	<b>Wednesday, 20 March 2013</b>	
<b>TIME</b>	<b>DESCRIPTION</b>	<b>PLACE</b>
13.00 – 17.00	REGISTRATION	SECRETARIAT ROOM
<b>Day II</b>	<b>Thursday, 21 March 2013</b>	
13.00 – 15.30	<b>KEYNOTE SPEECHS</b> 1. DR. RASHID AL LEEM Director General of Sharjah Department of Seaports and Customs and Sharjah Free Zones Authority, UAE 2. PROF.DR. IKG BENDESA Udayana University Bali - Indonesia Moderator : Prof. Dr. Asep Hermawan	EMERALD 2+3
15.30 – 16.00	Coffee Break	
16.00 – 18.00	<b>Parallel Session I</b> 1. Finance and Accounting 2. Marketing 3. CSR and Corporate Governance	Emerald 2+3 Emerald 1 Topaz
18.15 – 21.00	<b>WELCOMING DINNER</b> 1. Welcoming Speech from Conference Chair 2. Speech from The Ambassador of Republic of Indonesia for The Kingdom of Thailand 3. Speech from The President of Thailand Convention and Exhibition Bureau 4. A Few words from The Hosts 5. Cultural Performance 6. Dinner	Crystal BALLROOM

<b>Day 3</b>	<b>Friday, 22 March 2013</b>	
TIME	DESCRIPTION	PLACE
08.00 – 08.20	REGISTRATION	Secretariat Room
08.20 – 10.00	Parallel Session II 1. Finance and Accounting 2. Marketing 3. SME	Emerald 2+3 Emerald 1 Topaz
10.00 – 10.20	Coffee Break	
10.20 – 12.20	Parallel Session III 1. Finance and Accounting 2. Marketing 3. Economics 3. Hospitality and Tourism 4. Operation Management	Emerald 2+3 Emerald 1 Emerald 1 Topaz Topaz
12.20 – 13.20	Lunch	SILOM 1
13.20 – 15.20	Parallel Session IV 1. Finance and Accounting 2. Economics 3. Operation Management 4. Entrepreneurship	Emerald 2+3 Emerald 1 Topaz Topaz
15.20 – 15.40	Coffee Break	
15.40 – 17.40	Parallel session 1. HRM 2. Economics	Emerald 2+3 Emerald 1
17.40 – 18.30	Closing 1. Closing Speech 2. Best Papers Announcement	Emerald 2+3
<b>Day 4</b>	<b>Saturday, 23 March 2013</b>	
07.00-16.00	TOUR (Bangkok Highlight)	(Optional)

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# Culture and Family Firm Values: Case of Batik Industry

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## Abstract

*This paper assumed that one of the keys to success in family firm is their culture. The interaction of the family values with their firm management leads the unique resources that built such culture. The relation within the member family also gives a contribution to efficiency and effectiveness of management. This paper is built on the basis theory of organizational culture and social learning. The first theory help us to understand the importance of the culture for generation of organization advantages and the second theory help us to understand the self employment and their effect into their personality. In spite of this, the firm as the institution can be understood as systems presenting diverse aspects, which incorporate of symbols, by cognitive and normative rules. This study illuminates the cultural construct of batik family firm such paternalistic leadership, hard worker, long term orientation, warm communication and innovative have a dept relation with their values which they believe in, such as togetherness, harmony, appreciation, religious orientation and communication. In Indonesian context, almost 70 % of batik was produced in Pekalongan. In 2009 data indicated that 3433 units are SME s category located in Pekalongan regency and they are produced in industrial family. So, the final aim of this paper is to study the role of the value of member family to built a firm culture which influence the survivability of their batik industry, in a qualitative perspective.*

*Keyword: culture, family firm, values*

## INTRODUCTION

This research draws attention toward the culture building through the family values within the context of batik industry. As Claessens, Djankov, Fan, & Lang (2002), La Porta, Lopez-de-Silanes & Shleifer (1999), Morck & Yeung, (2003) argue that family business have dominated the economic landscape around the world (Liu, 2010, p.1, Brice & Jones, 2008, p. 4). The argument that culture related with value is not new. Many people doing the research about culture and value in family firm (Tapies & Fernandez, 2010; Bjerke, 2000; Duh & Belak, 2009; Vallejo, 2009 & 2011). Accordingly Hunt, Wood & Chonko (1989) mentioned that in society, values help to define people's "core" thinking: what they love or hate. In the enterprise, values serve to convey a sense of identity to its members, enhance the stability of its social system, direct a manager's attention to important issues, guide subsequent decisions by



managers and facilitate commitment to something larger than self (Duh & Belak, 2009, p.50). Therefore, the family should be positioned as the primary system. This is important to study because as a given the major challenge like Birdthistle and Fleming argue (2005) that the problem of family businesses throughout the world is maintaining their growth and survival in the competitive environment (Moore, 2009, p.176).

In order to describe about main theme in this paper, we must explain the culture and the value first. Schein (1996) argues that culture is one of the most powerful and stable forces at work in organization. Denison (1984) said that culture presumably influences into performance of firms and Bluedorn and Lundgren, (1993) assumed that the culture plays important role in strategic success (Vallejo, 2011, p. 47). The firm culture constructed by the family values. Barney (1986) argues that in family firm, the family's value become the company's cultural values. An inimitable culture can be a resource which leads to sustained competitive advantage. If cultural values that are valuable to success are embedded in a family organization then this may lead to a competitive advantage (Brice & Jones, 2008, p. 4). Pucik (1993) said that values represent the deepest level of culture. They are broad feelings, often unconscious and not discussible, about what is good and what is evil, beautiful or ugly, rational or irrational, normal or abnormal, natural or paradoxical, decent or indecent (Alas, 2009, p. 115).

Poza (2007) mentioned that family values represent an idiosyncratic familiness resource that can act as a motive for intrapreneurship in family firm (Moore, 2009, p. 177). Accordingly, Habbershon and Williams (1999) define family firm as unique bundles of resources and capabilities which result from interactions between the family and the company (Krauss et.al., 2011, p. 3). By this definition, family business more broadly and inclusively: Burkart, Panunzi & Shleifer (2003) defined a firm as a family firm if it controlled by the founders, or by the founders' families and heirs (Liu, 2010, p. 3; Duh & Belak, 2009, p. 49; Sobirin, 2002, p. 13 ).

In spite of that, Martin, Vaughn & Lumpkin (2006) argue that the family characters like interdependence, stability, loyalty, tradition influence to entrepreneurship orientation namely autonomy, risk aversion and innovation (Lorraine, Kellermans, Eddleston & Hoy, 2010, p. 1), conservative, long term orientation, slowly to develop, less-ractive to market change and to make the decision making (Krauss, Pohjola & Koponen, 2011, p.2) have contribution to firm construction and influence firm performance. Enterpreneuring families, furthermore, refer to that subset of business-owning focused on entrepreneurial objectives or motives. By focusing on enterpreneuring families, it recognize that some (though not all) groups of

family owner work together to grow family wealth by way of business value creation (Uhlener, 2010, p. 2).

When family member assist the other member, share responsibilities and help each other accomplish organizational tasks, they can be seen as stewards of the firm. Specifically, we see family member reciprocity as a mechanism which facilitates stewardship behavior, as family members put aside their personal interests for the sake of the firm (Kellermanns, Eddleston, Saraty & Murphy, 2010, p. 4).

#### **THE CONSTRUCT OF CULTURE AND VALUES OF FAMILY BATIK INDUSTRY**

The region of Pekalongan is located on the western side of the north coast of Central Java Province. The City of Pekalongan is divided into four districts: North Pekalongan (9 sub-districts or kampongs), South Pekalongan (11 sub-districts), West Pekalongan (13 sub-districts) and East Pekalongan (13 sub-districts). As of 2011, the population of this city was around 315,368 – mostly Islam in religion (95 %). The city of Pekalongan supported with seaport and two land transportation modes that is the North Coast Road (Indonesian: Jalur pantai utara or Jalur Pantura) and North Java Railway that connect Merak and Banyuwangi on the Northern beach of Java. These port, road and railway facilitate intercity and interisland transportation and eventually influence commercial and economic development of this city and neighboring areas. So, Pekalongan grows as commercial city where people come and go to do business. One of the best-selling commodities of this city is batik products which traditionally are produced as home industry by hundreds of small and medium enterprises (SMEs) rather than by a handful of large enterprises (LE) (Susminingsih & Sobirin, 2012, p. 2).

Business model in batik industry doing by order system, or we call by *sanggan*. The entrepreneur as the owner of order or *sanggan*. Many of them located outside Pekalongan (for example Bali, Jakarta, Sumatra and many other cities). When they give the order to another employer it called *mbabarke*, so the next industry is only become a worker, and then this order gave to next second employer, until to the next worker. By this order or *sanggan* system, the worker then putting out the order to their home. So it is why we can easily find this work at many places of Pekalongan City. Toward this paper, we need to learn about the construct of family firm culture in Pekalongan, which most of them are Javanese.

#### **Paternalistic Leadership.**

The family batik industry in Pekalongan City controlled by the founder which most of them are parents, especially father as the first generation. Paternalistic leadership can be described as a hierarchical relationship in which a leader guides professional and personal lives of subordinates in a manner resembling a parent

(Otken & Cenkci, 2011, p. 1). As long as they grow up, sometimes they need other contribution of family member like his son/ daughter, sister or brother. This research also found that most of founder are men. Ketz de Vries (1996) mentioned that the founders usually do not like to delegate power, and their firms are usually centralized and controlled by the founder's belief, it show that the founder as a leader and his/her approaches related with their values ( Burnes & Todnem, 2011, p.1). Coffe and Scace (1985); Tagiuri & Davis (1996); Poza, Alferd and Maheshwari (1997) found that decision making is centered with the top family members in family-firms (Brice & Jones, 2008, p. 8). In the fact, these power had a high relation with a decision making system. Most of the founder, made the strategy like what they want to do, of course after they met the change.

#### **Hardworker.**

Historically, batik not only as traditional man made or as social practiced but also about myth as belief that had strong relation with trust. By mystical culture, batik be trusted as medium of expression to conduct human world to god and goddesses world. Relationship between trust based on myth or religion with job see clearly when the family facing the risk or business problem. Trust comes into play when there is risk, in which familiarity as a basis for interaction, where risk is low and where communal norms constrain behavior. Trust in such low-risk situation is relatively meaningless (Cook, 2005, p.9). But when they interpret about the meaning of work, it's similar like what they understand as their pray. Then, it's become a strong motivated to work harder.

#### **Long Term Orientation.**

The family and their member improved their religiosity by joint many practices. We understand it by belief system theory which look the personality structure as organizationally of belief, behavior and the value which concern on oneself and other self (Quackenbush, 2001, p. 316). To face the industrial change, its need to be aware for the family. It's important to get mentality such calmness, patient and positive thinking to adapt it. The spirituality force which try to make equality between spiritual and physical needy is very important not only for employer-employee in their relationship, but also to adapt the business change. At Pekalongan City, the people reached their spiritual force by many mysticism; *dzikiran*, *manakiban*, *khaul* and *muludan* (Susminingsih & Hanafi, 2012, 3). By those practices, they felt to be close to transcendent thing, that's God. Then their behavior be more patient, and they refer to entrust their business condition to Him beside they kept to try in their work.

### **Warm Communication.**

At the workplace, the member family had to communicate with their worker in warm situation, we call it *rahat*, it's mean happy, talk each other and support between them. Strong families are good at communicating. This quality is closely related to the above qualities. Good communication takes time. They not only talk frequently, but they also know how to listen, thereby demonstrating mutual respect for all family members (Vallejo, 2008, p. 263), especially when one of them has a problem, personality or socially. Likewise, they are always ready to face conflict and they commit themselves to seek the most suitable solutions. They are prepared to confront problems in a creative way (Vallejo, 2011, p. 51).

### **Innovation.**

Innovation is a major driving force for entrepreneurship and (firm-level as well as economic) growth. Miller (1983); Covin & Slevin (1991) found that entrepreneurial firms are characterized by their commitment to innovation (Krauss, Pohjola & Koponen, 2011, p. 2). Moreover Kanter (1998), West & Farr (1989), Scott & Bruce (1994) argue that innovation has to do not only with the intentional act of generating new ideas, but also with the introduction and application of new ideas, all aimed at improving organizational performance (Carmeli, Meitar & Weisberg, 2006, p.78). In batik industry, innovation include what they do to make a new technique, motive and colouring on batik cloth.

The unique qualities of family firm complicate their ability to assess the trade-offs of the risks associated with the innovation and the expected return. Beckhard & Dyer (1983), Vago (2004) said that family members develop emotional attachments to their firm's original strategies. Without exploring or exploiting innovative ideas, family firms can become stagnant and experience a loss in market share (Kellermans, Eddleston, Sarathy & Murphy, 2010, p. 3).

The study of innovative behavior in family firm is essential since the firms are governed by a set of unique set of norms, cultures and processes. Understanding how family influences can help or hinder a family firm's ability to exploit its innovativeness is important, since innovation helps to renew companies, enhance their competitive advantage, spur growth, create new employment opportunities and generate wealth (Hayton & Kelley, 2006, p. 407).

Considered together, the *construct of culture of family firm in the context of batik industry at Pekalongan* first, we found that they have closely relation with the structure of values from their people.

### Religious orientation

Most of Pekalongan family have a spiritual consciousness which based on their religious experience. They have several rituals, daily as their prayer as a Moslem, or other ritual like *dzikiran* (remembering to God), *manakiban* (remembering the prophet and his head of spiritual scholar). The goal of this tradition is to remember the history of the struggle of each the head of spiritual scholar. Their lessons had expected to motivate all the people especially for the employer at Pekalongan City, *khaul* (man's death celebration). The people do this tradition at Habib Ahmad resting place, at Sapuro, Pekalongan City. More than 5.000 people come to see and practice this tradition. After that the people would have the advices to make better life. The other tradition is *muludan* (prophet's birthday), this tradition was doing to celebrate Muhammad prophet's birthday on *Rabiul Awal*, at Kanzus Sholawat, by Habib Lutfi bin Yahya arranged. The people do this tradition by read together *sholawat* and biography of Muhammad which wrote in *Barzanji* atau *Dziba*. Similar with *khaul*, the process of *muludan*, *sholawat*, *tahlil* and other verses of The Holy Qur'an, the speech of the government even ministry, *tausiyah* or advices, the last all the people eat *kebuli* (rice with meal of goat) together. By this time, the people also bring the mineral water that they hope to get *barokah* (blessing) for their work. Many people; Javanese, Arab and Chinese came into Kanzus Sholawat. By those, people believe that Habib Lutfi had *karomah* and they want to reach it for their success. For Javenese, *karomah* is a competencies which reached by religious achievement. All of rituals are public events that engage the people at Pekalongan in celebration as social solidarity (*silaturrahmi*) to renewal of their spiritual force.

To this case, Hunt & Vitell (1986) suggested that religiousness have an influence on an individual's perception of ethics. They believed that religiousness could affect ethical decision making in three ways, namely the cultural environment, the personal characteristic and finally the religion (Rashid & Ibrahim, 2008, p. 907). Being conscious of a superior power gives many families a sense of meaning as well as strength.

Accordingly McDaniel and Burnett (1990) defined religiosity as a belief in God accompanied by a commitment to follow principles believed to be set by God. They suggested that religiosity could be measured in terms of cognitive and behavioral dimensions. The cognitive dimension is also known as the spiritualism refers to the degree to which an individual holds religious beliefs in terms of the importance of religion, belief in God, importance of spiritual value and importance of religiosity. The behavioral dimension is known as the devotion is interpreted as overt behavior toward a religious organization and can be measured in terms of church/mosque, monetary giving and activity involvement (Rashid & Ibrahim, 2008, p. 909).

Fernando (2010) mentioned that spiritual well being actually has important role by four domains like what Fisher said, personal, communal, environmental and transcendental (Susminingsih & Hanafi, 2012, p. 2).. That spirit mentality makes one be calm to face all what happen in his business. Patient also had been an implication for mystic expert, because patient was a key of happiness and love proved to God. This value lead a member of family to manage their firm. So, the leader must be clear *regarding their own ethical beliefs and the ethical values of the approaches they adopt to change*, in order to make a greatest good for the greatest stakeholder (Burnes & By, 2011, p. 2).

#### **Togetherness.**

The members of family do their job in supportive situation. Especially in production process, start form get the order or to decide the motive as what a market wants. They also interact with other family who do the same business by give the order or *sanggan* – it call subcontract business model, and in next time they receive it from others. This is looks alike a reciprocal concept. Carlock & Ward (2001); Klein (2005) argue that a relational aspect of family influence-family member reciprocity had an important role to support for the organization, willingness to contribute to the business, and desire to be a part of the business are of utmost importance; Seers' (1989) found that family member reciprocity as an aspect of family influence commitment, teamwork and family support (Kellermans, Eddleston, Sarathy & Murphy, 2010, p. 3).

In strong families their members truly enjoy spending time together. In order to do this they must plan and structure their time. Spending time together is not something that can always be improvised (Vallejo, 2011, p. 51). As capital, this resource brought the industry achieve sustainable in positive behavior. It's easy to analysis, because trust as a glue that can hold all of the family member together.

#### **Commitment**

Historically, since 13 century batik as myth and human product showed a high commitment from Indonesian people (Sularso, 2009, p. 33-42). Reichers (1985) argues that commitment attitudes could lead to commitment behaviour, which would in turn influence commitment attitudes (Alas, 2009, p. 114). Stinnett's (1983,1986) found that strong families are deeply committed to the family group and with promoting the happiness and wellbeing of all its members. These families are also realistic when establishing objectives that improve the quality of family relationship. The study of organizational commitment has been approached in the scientific literature from three distinct perspectives, such that we can speak of three distinct type of commitment. Meyer & Allen (1991) said *first affective or attitudinal* which refers to identification with and emotional attachment to the organization. Second, calculative

or continuance. According them, because continued employment is a matter of necessity for the employee with high continuance commitment, the nature of the link between commitment and on-the job behavior is likely to be dependent upon the implications of that behavior for employment. Third, normative, which consists of consequences of the obligation to remain in the organization. These are experienced by the employees because they believe this to be right thing to do. Morrow (1993) argue that the feeling of loyalty towards the organization may be triggered by family or cultural socialization pressures or processes (Vallejo, 2011, pp. 52).

#### **Harmony.**

The existence of greater harmony, evident in better human relationship within the business as well as in a better working atmosphere, is put forward as one of the values that is characteristic of the family firm. McGregor (1960) maintains that one of the principal conditions of human nature must be respected: the search for autonomy and control over one's life. From the organizational perspective, this can be achieved by encouraging active participation in the decision making process. Organizational structure must be constructed and designed in such a way as to generate a working environment that stimulates human resources to fully develop their labor potential. Finally, the organizational structure must be based on cooperation and mutual support (Vallejo, 2011, p. 52-53). From the reality, a member of family as entrepreneur do something to make a harmony relation between two aspects, spiritual and material. It's similar what we know from many traditions before.

#### **Appreciation.**

Every human being has the basic need to feel appreciated by his or her fellows. Strong families have the habit of observing the good qualities of their members and expressing their appreciation. In the fact, the family as employer give incentive as an appreciation beside the reward –they call *poco'an*, to their employee- in Tuesday evening. They choosed this day because, after the day they should to rest in order to focus for the holly day, that's Friday –they call *sayyidul ayam*. In Pekalongan City, this is happened for a long time ago, and we not found a clear information who do this first. Everybody has a positive qualities and talents and it is in the family where there must be confirmed for the first time. Strong families concentrate on positive aspects (Vallejo, 2008, p. 263, 2011, p. 51).

#### **ORGANIZATIONAL LEARNING THEORY**

Organizational learning has been generally defined as a vital process by which organization adapt to change in their social, political or economic settings. Senge (1997) pointed that organizations learn only through learning individuals. Mahler

(1997) said that organizational learning emphasizes a socially constructed process, which proceeds through sharing interpretations of events and through reflection on these interpretations. Also Kim (1993); Nonaka (1991); Senge (1990) argue that organizational learning is a process that creates new knowledge for individuals. An organization learns through its individual members, and hence, organizational learning is shaped by individual learning. It is established that the more individuals learn, the more likely that their organizations will attain success (Moore, 2009, p. 175).

Bergquist (1993) argues that learning, on the individual and group level, becomes necessary for the success and survival of organization. Therefore, the change process has shifted its focus from developing new products and technologies to the behavioural aspect of change and to attitudes about change (Alas, 2009, p.113). Schein (1984 & 1986) mentioned the change must happen to adapt to the business environment, as well as dealing with internal integration challenges (Tomei, Ferrari & Patricia, 2010, p. 27), to gain competitive advantage and more sustainable.

## **DISCUSSION AND CONCLUSION**

As the above description showed that culture and value in the context of batik family firm go hand in hand. Culture and value are two the most important issues facing organization. We should analyze the process that involving both of influencing and constructing the human feeling, thinking and behaving. Its also important to analyze the key factors which drive behavior in family organization: familial goal, value and their culture. Bush et.al (1999) mentioned that the family is one of the most important agents of socialization that transmit norms, values and attitudes during the socialization process. Loyalty tends to be important value transmitted by families because it strengthens the ties between members and hence contributes to family survival (Vallejo, 2011, p. 52).

The positive influence of the involvement of family members in management offers more benefits than harm. With the stewardship perspective propose that involving family members in firm management allows family members to gain a better understanding of where the organization is headed, appreciate the challenges facing the firm, and make decision that they believe will maximize firm performance (Kellermen, Eddleston, Sarathy & Murhpy, 2010, p. 3). It supported with Scott (1995) argues that greater or lesser generation among the various authors, institution can be understood as systems presenting diverse aspects, which incorporate systems of symbols (cognitive structures and normative rule) and regulatory processes that firms carry out and that determine their social behaviour (Vallejo, 2008, p. 262).

The normative pillar allows us to justify why the transmission of values and other element occurs. This is so since the institutionalizing mechanism of this pillar is

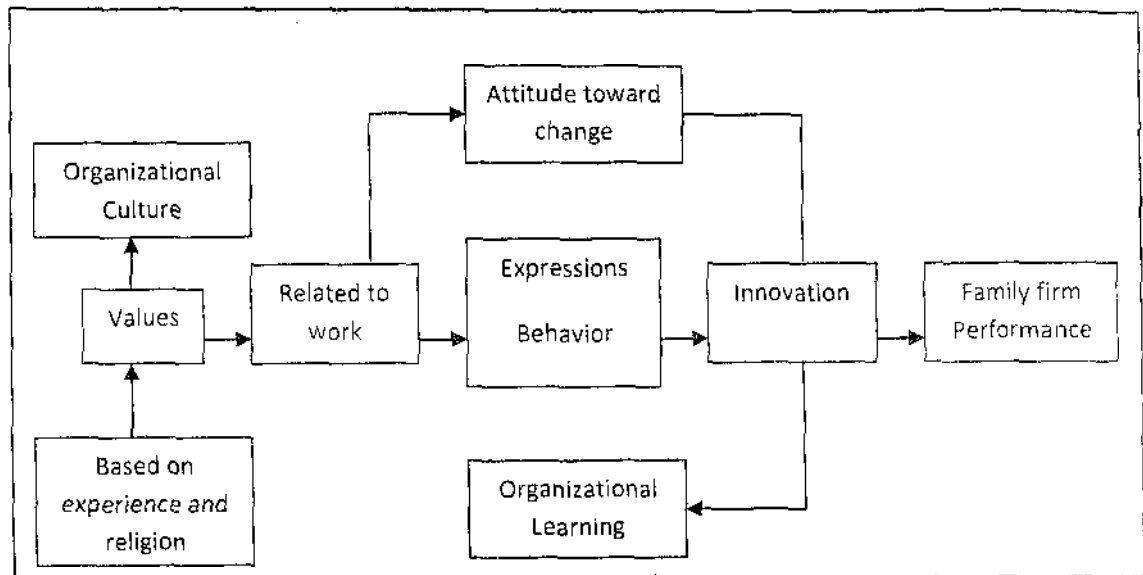


composed of norms and values, such that in the specific case of family firms the owning families-in their guise as institution- will carry out a normative institutionalizing process, transmitting their norms and values to the firms over which they exert a notable influence. On the other hand, the cognitive pillar allows us to justify why this transmission of values and other cultural element is perceived, processed and analyzed by the member of the firm who do not belong to the family. These employees can never remain immune from the pressures, in institutional terms, coming from the owning families, who manage the firm according to their own culture (Vallejo, 2011, p. 50). Reichers & Schneider (1990) mentioned that culture not only as an uncontrollable external variable but also a managable internal variable of organization (Sobirin, 2002, p. 6).

It's important to note, Hofstede (1990) said that culture refers to the norms, values and belief of a particular group or community in a particular area or geographic location and shared by its members. This means that beliefs, norms and value systems can influence the members of the community to behave and act in a particular way considered acceptable by the other members in the group (Rashid, et.al, 2008, p. 908). Thus, the culture of a family that is cohesioned and oriented to its environment will contain some well-defined values that are shared by all its members, providing it with a cultural strength that will make it easier to institutionalize them in the firm. At this time the culture will be a significant, distinctive factor with competitive and strategic relevance compared to non-family firms (Vallejo, 2011, p. 51).

Aronoff and Ward (2000) highlighted that shared value enable family members to derive pleasure and meaning from sustaining cross-generational relationship and striving toward mutual goals. Aronoff (2004) mentioned that family values as the pillars of the family business's culture and unique values, enable the company to be differentiated from other enterprises, thus "it may well be the basis of irreplaceable competitive advantage". When an owning family's values form the heart of a business's culture, some vital synergies can arise. The commitment to values is the greatest strength a family can bring to business ownership (Tapias et.al, 2010, p. 4). Then we should to draw the analysis about the role of culture which built from value construct as people's belief and its influence to family firm performance as theoretical framework of this research on figure 1.

Figure 1. The theoretical framework of the research.



The result of this study is that the batik family firm has a several values which they believe in such religious orientation, togetherness, commitment, harmony and appreciation. Those values have a strong effect to their behavior expression. Its happened in a long time as long as their relationship with other member family, who also manage their business in their culture such paternalistic leadership, hard worker, long term orientation, warm communication and innovation such to make a new technique, motive, colouring on batik cloth and performance of their family firm. Finally, it's keep the business to be sustainable and go for the next generations.

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