

## Conference Paper

# Family Business Management Model on Fashion Home Industry Jambinese Batik

Shofia Amin, Heriberta, and Dwi Kurniawan

Faculty of Economics and Business, Universitas Jambi, Indonesia

## Abstract

Since Jambinese batik industry is predominantly managed by family business, the study aimed to explore the management model of family business, its constraints and the solutions in conducting professional management practices. The subjects of the research are four creative home industries in processing Jambinese batik into various fashion attributes, ranging from attire, 'lacak', wall decorations to other forms in the city of Jambi. Using a qualitative approach, the data were collected through in-depth interviews, observations, documentation studies and triangulation. The result show that their management model is still traditional. In managing their business, they encounter with the problem of scarcity of craftsmen, raw materials and equipment that must be delivered from Java, market limitations and lack of awareness of batik home owners about the importance of financial recording and reporting. The solutions of their problem are discussed.

**Keywords:** home industry, traditional management, family business, Jambinese batik, craftsmen

Corresponding Author:

Shofia Amin  
shofiaamin@unja.ac.id

Received: 29 August 2018

Accepted: 18 September 2018

Published: 11 November 2018

Publishing services provided by  
Knowledge E

© Shofia Amin et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the ICOI-2018 Conference Committee.

## 1. Introduction

Small-scaled industries often start from home-based businesses with very limited capital, labor coming from family members and the owner or business manager is usually the head of the household itself or a member of his family (Stewart & Hill 2012). Initial survey conducted in the city of Jambi, found four creative entrepreneurs that still exist to operate their businesses in fashion industry relying on Jambinese batik as basic materials. They are Bahri batik, Halim batik, Zhorif batik and Mentari batik. The four entrepreneurs are called creative because they do not only fabricate and sell Jambinese batik in clothes, but they also diversify their products by processing Jambinese batik materials into garment and other fashion items such as *lacak* (Jambi male headband) and wall decorations. These four businesses are managed at home

 OPEN ACCESS

and their owners also act as craftsmen and managers at the same time. Typically, the number of employees involved in the fabrication is less than a hundred people.

Conceptually, it is well acknowledged that activity in an industry consists of inputs, processes and outputs. Input is all the resources involved in the activities of an industry, consisting of human resources, financial, raw materials, equipment, technology and information. The input will then be transformed into output through sequence of stages which is called a process. The result of the process is called performance in the form of achievement of goals, goods, services, efficiency and effectiveness. To achieve the goal, the business requires proper management practices.

There are four main functions of management which are implemented in planning, organizing, leading and controlling activities. The four functions must be run continuously and interrelated to each other. Likewise, in such activities there will be arrangements in the areas of human resources, production, marketing and finance. On the other hand, poor management will result in business failure (Hatten 2009).

People generally perceive that the four management activities studied during their formal school periods are only suitable to be applied in the middle to large-scaled business. It is often found that small-scaled businesses do not implement such activities entirely, providing the excuse for being small-scaled and lacking knowledge of the implementation. In their perspective, what is the most important for SMEs is to produce and sell their product to earn revenue. In fact, professionalism in the business management is mandatory, regardless of being small, medium or even large-scaled if the entrepreneurs wish to make their businesses develop and sustainable.

Family business has a unique in terms of ownership and business management. In the family business, family interests are put as the utmost importance above the other interests, especially in compensation issues, managing human resources and employees' recruitment, and succession methods. Therefore, management in the family business plays an important role in the progress and sustainability of business that has been pioneered by the first generation.

Previous researches have proven that family businesses have some drawbacks. Among these issues are innovation for avoiding risk, business sustainability due to the scarcity of professional business successors and family conflicts in managerial decision-making and transparency (Matzler et al. 2015). In addition, there is a myth about a family business that says, "First generation builds, second generation enjoys, and third generation destroys." It becomes an allusion to the management of family businesses that seem less professional, especially in small and medium-sized businesses.

Nikolovski et al. (2016) argued that if other companies are constantly confronted with issues related to improving competitiveness and strengthening innovation capacity, family businesses, on the other hand, have additional issues pertaining to the ownership and division between family and business assets, the preparation of ownership transfers, management and entrepreneurship education to sustain the family business. Meanwhile, Simanjuntak (2010) generally explained that there are three main issues which often arise in the family business, namely leadership, ownership, and management, particularly in small and medium-scaled businesses.

Furthermore, Hellriegel et al. (2016) explained that entrepreneurs are not born; instead, they are formed. Personal attributes, their competences, family environment in which the entrepreneurs come from will influence and determine the success of the business. Moreover, entrepreneurship is not because of talent, given, or offspring. Flexibility, innovation and close relationship to customers is the secret of successful small business (Hatten 2009).

Unfortunately, apart from their potential capabilities and business opportunities for the development of Jambinese batik entrepreneurship, due to mismanagement and unprofessional practices, they are most likely to experience failure with time. Support from the government to stimulate a creative economy which focuses on human resource excellence becomes a business opportunity for the fashion home industry Batik Jambinese. It should be developed to contribute to the creative economic development of Jambi. Since Jambinese batik industry is predominantly managed by family business, these facts require a thorough exploration of how family business management practices, obstacles and solutions model can contribute to the home industry development. In addition, the research on this topic is also essential for local governments in defining the strategy of creative economic development of the professional family business management aspect.

## 2. Literature Review

Management refers to the tasks and activities involved in directing an organization or one of its unit such as planning, organizing, leading and controlling (Hellriegel et al. 2016). Another definition, management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources (Daft 2012). This definition implies that (1) there are four management functions: planning, organizing, leading and controlling; and (2) efficient and effective are the ways to attain the organizational goals.

These four functions are continuous and interrelated. Planning is the first process, as the manager determines what to do. Then to accomplish the plan, it needs the resources such as financial, human, machines, equipment, information and material. The activity which involves the assembling the resources is called organizing. Then, leading is the process of getting the most output possible from those resources. To compare what was initially planned with what was accomplished, is called controlling.

Given that management science is universal, it can be applied to any type of organizations. Yet, the management science is also contingency which means that it will only be successfully applied provided that it is in accordance with the situations and conditions. It is meaningful that to conduct a successful management activity, it requires science and art. Thus, family business management practices should also be applied by combining both science and art. Science is used when making financial and strategic decisions while the art is applied when dealing with family members involved in the business and other stakeholders. Moreover, since there are ties of emotional relationships between members of the perpetrators in the family business, there must be an interest consideration of long-term family relationships rather than merely pursuing profits. The manager of a small business needs perseverance, patience and critical thinking skills to deal with the day to day challenges that arises in running a business over a long period of time (Hatten 2009).

### 3. Method

This research used qualitative method with case study approach. It was based on exploratory demands in order to understand and explain the family business management model, the obstacles and solutions to overcome these barriers in developing the creative economy business. The subjects of the research are entrepreneurs in sub-sector of Jambinese batik fashion located in Danau Sipin, Simpang Pulai and Ulu Gedong Jambi City.

Based on the preliminary survey, there are four entrepreneurs in sub-sector of fashion made of Jambinese batik as raw materials that still exist, namely Bahri Batik, Halim Batik, Zhorif Batik and Mentari Batik. The reasons for their selection as respondents are because they have characteristics and different product advantages based on the observations of research team. Other sources of information to complement are family members involved as employees. Hence, by doing so, it is expected that the research obtains a wide variety of information about the pattern of family business management in developing a creative economy business.

Data was collected using the method of in-depth interviews regarding the practice of family business management that they run along with the constraints and solutions. Data analysis was carried out through data reduction presentation and conclusion/verification. For checking the credibility, the data were tested by in-depth interviews with various related parties, triangulation, member checks and discussions with peers.

## 4. Results

### 4.1. Respondents' characteristics

The following table presents the characteristics of the respondents based on their products advantages.

TABLE 1: Characteristics of respondents based on the product advantages.

No.	Brand Name	Address	Product type	Product advantages
1	Bahri batik	Danau Sipin	Batik fabric & clothes, lacak, dyeing services	Limited Edition
			Batik fabric & clothes	
2	Halim batik	Simpang Pulai	Batik fabric & clothes	Chemical color
3	Zhorif batik	Ulu Gedong	Batik fabric & clothes	Natural dyeing
4	Mentari batik	Ulu Gedong		Fashionable clothes

The four respondents are craftsmen and the owners of batik studio as well as manager of their own businesses. In addition, they diversify their core businesses of batik as raw materials and batik-made clothes, accessories such as *lacak*, wall decoration and others.

### 4.2. Bahri batik

Bahri batik business initially began from the love of Zainul Bahri to Jambinese Malay culture. He then conducted a research on the history of Jambinese batik and ancient motifs stored in the museum. With his diligence and patience, he painted back the design of batik on paper until he finally produced a fabric of Jambinese batik. Since he

understood and wanted to preserve original Jambinese batik as a heritage of the ancestors, Zainul only focused on designing old motifs by using natural coloring. According to him, Jambinese batik used to use natural coloring materials such as *ramelang* wood for brownish color, *lambato* wood for yellow, *sepang* wood for reddish yellow and *nilo* for blue color. Nowadays, when batik dyeing using synthetic from azo class is banned, the demand for batik using natural coloring increases, especially when it requires to comply with textile market share in European countries.

During batik fabrication process which takes about 3 months, Zainul acts as manager as well as a motifs designer and new natural colors blender. With the help of 10 employees who are his own family members and his neighbors, Zainul produces batik materials for *lacak*; and collaborates with tailors, he produces apparel and provides natural color dyeing service for other batik craftsmen. In addition to pursue batik with various design creations, Zainul also has expanded to produce various handicrafts and various embroideries.

The following paragraphs are the quote of interview with Zainul.

“Since the past up to date, I have faced the problem of scarcity of labors who are willing to become craftsmen. Batik craftsmen are not the same as other field workers as batik works require art, tenacity and patience. One piece of batik fabric takes 3 months to be ready-sale. That’s why so many young people today do not want to be batik craftsmen.”

The concept of Zainul’s production focuses on limited-edition batik. For instance, in one motif, he creates only one fabric of batik, so if the consumer wears it, no one matches his motif. Thus, it is not surprising that the cheapest price of one piece of Bahri batik material is Rp. 3,500,000. However, to meet the various customers’ demands, he also produces printed batik materials. He himself is a person in charge to design batik, but the next process is handed over to the batik craftsmen in Seberang Kota Jambi in his supervision for the production of printed batik which is no longer in limited edition.

In financial management aspect, he works himself using a traditional method to record revenue and expenses. Zainul assumes, because he does not involve bank credit in running his business, he does not have to bother if any aspect in financial records is still performed in traditional way.

### 4.3. Halim batik

Halim batik is a store that sells batik fabric and its own garment located in Simpang Pulai. Based on the observation of the research team, market segment of Halim batik is middle to lower income customers. To supply customer demands, batik Halim management is focused on producing printed batik by using chemical color.

To assist production process of batik material, Halim employs 20 workers with a piecework system, instead of permanent employees. He employs them with different tasks in producing one piece of printed batik cloth. Some are specially assigned for printing, dyeing, and some of the others are assigned for waxing. He assumes that the ability of each person is different; therefore, there is a need for division of labor based on their expertise. As for keeping his shop, he only hires one permanent employee who still has a familial relationship with him. He does not either perform employee selection for batik craftsmen, due to their limited availability.

Here's a quote of an interview with Halim:

"My employees reside in the same village as me. As long as they are interested in batik production, I will give them an opportunity for internship. Later, they will work as my batik craftsmen."

For raw materials of batik, Halim also admitted that he still has to bring them from Java, but the batik making process is already carried out in Jambi by local batik craftsmen. In spite of high costs, all production processes are carried out in Jambi as to open employment and maintain the authenticity of the motif. There is no specific target for how many pieces of batik cloth should be produced in every process performed. Customers' orders are put as first priority in his batik production.

In producing batik clothes, Halim has two tailors with a piecework system. The reason he uses the system is for efficiency because they are paid only if there is sewing work; thus, no monthly salary is required. For him, his batik business is not as the main income since beside as a craftsman, he also works as a lecturer in one of state universities in Jambi. Because of these two concurrent professions, he admitted that he does not prioritize his batik business, particularly in managing his batik shop. He often communicates with his employees through telephone or WhatsApp application.

Apart from producing batik fabric and clothes based on the design, he also accepts orders from customers in coloring motifs. Similarly, the model of clothes can be ordered as desired. To market his products, he only relies on buyers' visits to his shop. Fortunately, his shop is located in strategic area in the batik center along Simpang Pulai,

giving Halim batik its own distinctively competitive advantage. To get initial source of business capital, he claimed to have started from his personal funds and also received a bank loan. Since there is no demand for a complete financial statement, he does not arrange it periodically. Receipts and expenditures of funds for his shop operations are simply recorded in the daily operational book.

#### 4.4. Zhorif batik

The owner of Zhorif batik is Mrs. Atiah, a 52 year-old woman of six children who all plunged to help her business with shared duties. Business of Zhorif batik becomes their main income for the family's living and that is why she is encouraged to involve all her children into the business. Design process is still the authority of Mrs. Atiah, while the marketing affairs have been delegated to her five children. The theme of natural coloring becomes their flagship products.

Zhorif batik employs their neighbors as workers in their batik production process. They have 12 employees, consisting of seven family members and five neighbors around the house. In production affairs, Zhorif batik uses three times of dyeing using natural dyes from local plants. The higher the frequency of coloring is, the better the quality of the batik will be. As a consequence, more coloring processes create higher production costs and will make the selling price higher.

To sustain their business, Zhorif batik has made a succession of her children. Under her children's management, Zhorif batik increasingly grows because they are all well-educated and have more open mindset about entrepreneurship.

The following passage is the script of interview with the management of Zhorif batik.

"We are all siblings involved in this batik business. We are also paid like any other employee. I bring batik materials to the office. I am temporary employee in a government office." (Muhsin, son no. 3)

"Online marketing has also been undertaken through Instagram account of Qiron (child no. 4), we also have an official website."

"To keep the shop serving buyers, Adin has the most contribution." (child no. 2).

"Our youngest brother, Zhorif, has started to get involved in the design of batik motifs."

Beside waiting buyers to come to their shop, Zhorif batik has also been doing proactive marketing by offering batik to government offices, consignment system at Sultan Thaha Airport and online selling through their website [www.batikjambizhorif.com](http://www.batikjambizhorif.com). Similar to most of other independent businesses, Zhorif batik also does not arrange comprehensive financial reports. They assume that what the family business with their own capital requires is only to record daily sales they have.

#### 4.5. Mentari batik

Mentari batik has a production house in Ulu Gedong district and a sales outlet in the TAC market area. This family business has been established since 1990, involving a couple of both husband and wife as craftsmen, owners and at the same time, managers. Nurjana, a wife, is assigned as a manager focused on designer motifs, while her husband is in charge of the coloring stage. According to Nurjana, motif design and color mostly determine the price of batik; therefore, both main tasks are still held by Nurjana and her husband.

To assist the batik process, Mentari batik employs seven workers who operate the production house and 10 piece-workers who work at their own homes. Mentari's employees are not recruited through selection as commonly performed by companies. What Nurjana observes on her prospective workers is their determination in batik. Subsequently, the new employees are given on-site training about workmanship of batik by Nurjana herself. Currently, her employees are also her neighbors and relatives. Mentari batik owners has their own tips to motivate employees, such as engaging them into Feast of the Sacrifice (qurban) on led al-Adha or lending who really are in need a certain amount of money. The installment will be paid from the wages per piece they earn.

Mentari batik produces batik materials and clothes; also they accept stitches works of batik-made clothes. In particular for Mentari batik shirt, they have collaborated with subscribed tailors in Bandung for design and tailoring. Mori cloth used as raw materials for batik making while production equipment is still brought from Java. Mentari batik also resells mori fabrics for batik cloth to other craftsmen. They produce various motifs and design of batik including *durian pecah*, *durian keris*, *pauh*, *angso duo*, *kapal sanggat*, *bungo tanjung*, and jasmine.

The quality control of production is carried out solely by Nurjana. Once a defective product is found, such as a scattered or uneven design, it will be reworked to fix. Defects usually arise because of lack of accuracy in printing motifs that may occur

during designing process. For coloring, Mentari batik also uses natural dyes with various combinations to produce unique colors different from other batik productions. However, chemical colors are still used to meet customers' tastes.

### 5. Discussion

Based on the results of in-depth interviews with four respondents of Jambinese batik craftsmen, it was found the conditions, problems and solutions as follows:

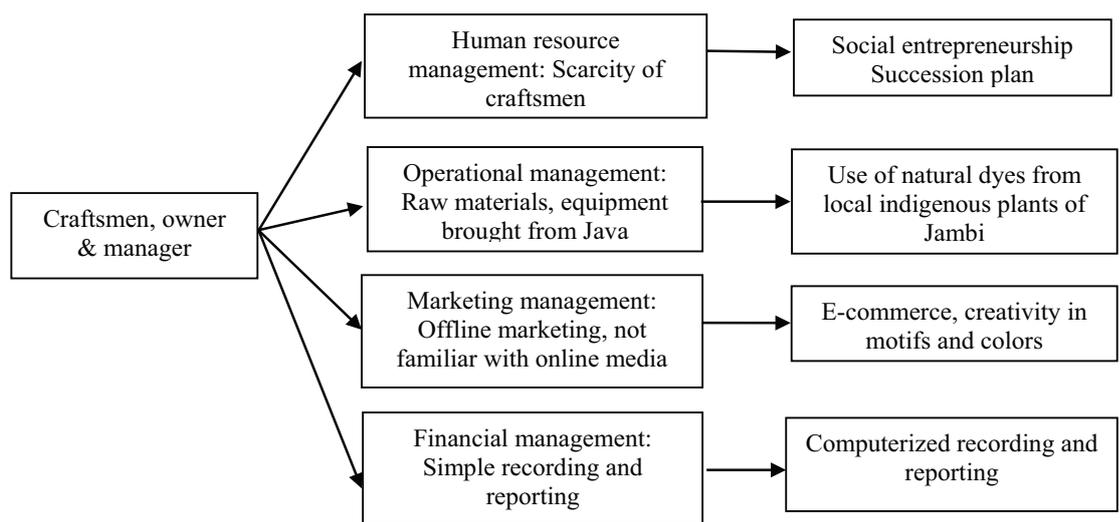


Figure 1: Conditions, problems, and solutions. Source: Author, based on the research.

From Figure 1, it is found that respondents who play three roles simultaneously as craftsmen, owners and managers encounter problems in human resource management area, particularly in scarcity of craftsmen. Due to their scarcity, craftsmen have not gone through selection process during recruitment; rather, they have to be well trained and motivated in order to maintain their attitude and spirit in batik making. To overcome the scarcity of craftsmen, it is offered the solution through a provision of an understanding of social entrepreneurship. It is aimed to enlightening their mindset that becoming a craftsman means they provide employment in social entrepreneurship and at the same time, preserving the national cultural heritage. Thus, it will be embedded in their perception that batik craftsmanship provides social benefits for the surrounding community. In addition, business owners also have to plan succession for their business sustainability, knowing that looking for young people who are interested in becoming a craftsman is increasingly difficult.

In operational management area, some of the problems they face include unavailability of raw materials and equipment which must be brought from Java. These result

in high production costs. In order to be able to compete with Javanese and other batik, the Jambinese batiks have to offer their own uniqueness, for instance by using natural coloring that comes from indigenous plants growing in Jambi so that it will create its own typical color. Thus, people will immediately recognize Jambinese batik from their characteristics of natural colors.

In marketing management area, they encounter with the limitations of the market share since batik home owners have not yet optimized the emerging online media. They still rely on offline demands in sales from buyers' visits to their stores. The solution to increase their sales is to utilize e-commerce to expand their market. In addition, the craftsmen should also follow the trend of customers' tastes without leaving the unique characteristics of Jambinese batik; for instance, by using stylish and trendy coloring or designing new motifs.

In financial management area, the problem they are facing is the lack of awareness of batik home owners regarding the importance of recording and reporting cashflow, both inflow and outflow. In fact, proper financial report and record are essential for the business management in decision-making process. Thus, the financial decisions can be more accurate, rational and based on data. What the management has to do to overcome the problem is computerization in financial reports and records.

## 6. Conclusion

It can be concluded that the respondents from craftsmen play three roles simultaneously; as craftsmen, owners and at the same time as managers. They still manage their business traditionally by relying on close relationship among the owners, employees and customers. Also, they have faced with the problem of scarcity of craftsmen, raw materials and equipment which should be bought from Java. Moreover, they are also facing market limitations and lack of awareness of the importance of financial reporting to record both cash inflow and outflow.

## Funding

This research was supported by DIPA PNBP LPPM Universitas Jambi number: SP DIPA-042.01.2.400950/2017.

## References

- [1] Daft, R. L. (2012). *New Era of Management* (tenth edition, International Student Edition). Thomson-South-Western.
- [2] Hatten, T. S. (2009). *Small Business Management Entrepreneurship and Beyond* (fourth edition, International Student Edition). South-Western Cengage Learning.
- [3] Hellriegel, D., Jackson, S. E., and Slocum Jr, J. W. (2016). *Management A Competency-based Approach* (eleventh edition, International Student Edition). Thomson-South-Western.
- [4] Matzler, K., Veider, V., Hautz, J. et al. (2015). The impact of family ownership, management, and governance on innovation. *Journal of Product Innovation Management*, vol. 32, no. 3, pp. 319–333.
- [5] Nikolovski, L., Radevska, M., and Petkovska, E. (2016). *Professional Management of Family Enterprises in Function of Adequate Adjustment of Diversity of Interest of Family and Business*. UDC:334.722.24:005-027.561
- [6] Simanjuntak, A. (2010). Prinsip-prinsip Manajemen Bisnis Keluarga (Family Business Dikaitkan dengan Kedudukan Mandiri Perseroan Terbatas (PT). *Jurnal Manajemen dan Kewirausahaan*, vol. 12, no. 2, September, pp. 113–120.
- [7] Stewart, A. and Hitt, M. A. (2012). Why can't a family business be more like a non-family business? Modes of professionalization in family firms. *Family Business Review*, vol. 25, no. 1 (Maret), pp. 54–86.