

## **BALANCING BUSINESS DIMENSIONAL AND FAMILY DIMENSIONS IN FAMILY BUSINESS: OWNERSHIP APPROACH**

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### **ABSTRACT**

*To balance between business dimension and family dimension with ownership approach should consider three factors: (1) family control, (2) shareholders liquidity, and (3) growth capital. Family control has an influence on the ability to control the company. Shareholders liquidity has influence on the voting rights of shareholders. Last is the growth capital that has an influence on operationalize the company efficiently. Using Sharma's performance matrix, the best type of family business is a professional family business (FB) rather than a family business with family oriented (Fb) or a family business with Business oriented (fB). Although the FB has difficulty balancing the business dimension and family dimension.*

**Keywords:** Family Control, Shareholders Liquidity, Growth Capital, Sharma Performance Matrix

### **INTRODUCTION**

Family business is different from non family business. In the family business there is a business problem itself (same as non family business) related to competition with competitors either a kind or not the same. The uniqueness in the family business is the existence of family problems and ownership (Davis, 1999). Family issues related to family business are genogram, influential people, and regeneration process. The ownership issue associated with the family business is the controlling shareholder and continues on the offspring.

Composition of ownership in family companies in the world as much as 68% of the total go public company is a family ownership. The majority of large companies in the Indonesia Stock Exchange (IDX) about 80% controlled by the family (Atmaja, 2016). This amount of ownership provides sufficient authority to regulate the performance of the company. This means ownership is closely related to the performance of the company and causes to decrease of the agency problem.

In general, how to analyze a family business is treated the same as a non-family business. Whereas the purpose of family business is a multi-dimensional goal. There is a business dimension that pursues profitability and growth but behind it there is a family dimension that prioritizes harmony among family members. For that reason, in this literature study will discuss balancing the business dimension and family dimension in family business.

### **LITERATURE REVIEW**