

## The Factor Analysis on Professionalism in Family Businesses

Denny Bernardus K. W.  
Ciputra University

Christina Whidya Utami  
Ciputra University

Liliana Dewi\*  
Ciputra University

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### ABSTRACT

Research abounds with the nuances of family business. Our study contributes to the family business literature by showing how professionalism can influence family business. Professionalism refers to the extent owners manage to fulfill their assigned roles and commitments to the companies. This article is a quantitative study using exploratory factor analysis to describe variability among variables. We analyzed professionalism factors by involving 49 family businesses. While exploring professionalism factors from the owners of family businesses, we confirmed the data using Confirmatory Factor Analysis. There were four indicators of professionalism factors in Family Business: lines of authority, respect for the hierarchy, control management, and future investment. The results of this research indicated respect for the hierarchy had the highest factor value of 0.846.

Keywords: Professionalism, Family Business.

### 1.1 INTRODUCTION

Family business management is closed to outsiders because it consists of people who are bound in a family relationship. The existence of emotional ties from upper management who still have relationships often hampers progress, as often professional relationships are colored by personal interest conflicts by *Price Waterhouse Cooper* (PwC), 2015. Berent-Braun and Uhlaner (2012) mention four types of Ownership Behaviors such as *professionalism, active governance, owners as a resource, and basic duties*. *Professionalism* factors in a family business also include lines of authority, respect for the hierarchy, control management, and future investment (Aminoff, *et al.*, 2004: 17). Family business management is often influenced by