

**Family Business
and
Woman Entrepreneurship**

The Determinant of Investment Choices for Womanpreneur: Literature Review

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Abstract

Entrepreneur is a person who received a combination of risks and opportunities related to creating and operating a new business opportunity. Entrepreneur is a person who accepts the risk and opportunities of creating, operation, and growing of a new business (Ebert, Griffin, 2003). Many successful women appear to be an entrepreneur like Martha Tilaar, Moeryati Soedibyo, Poppy Dharsono, Dewi Motik, Suharti, and Betti Alisjahbana. The need for increasing of life, environment, education level, age, experience, and leadership are several factors that influence a woman to plunge into the entrepreneurial world.

Based on Biro Pusat Statistik (1999), in Jakarta there were 25% woman in productive age were entrepreneurs. This paper will describe about the reason of a "womanpreneur", the determinant of investment choice and its related risks. The expectation of this paper is that more Indonesian women will become entrepreneurs and opening of new jobs, thus it will increase Indonesian economy.

Keywords: entrepreneur, woman, risk, investment decision

1. Introduction

Today women play an important role in the company and increasingly taken into account. Some of them became the "bradwinner" for the life of the household. Women have given a miracle, a gift from God, with a remarkable talent in the form of multitasking, able to do several jobs at once in the same time. In a study entitled A Woman's Nation Changes Everything, Maria Shriver and the Center for American Progress wrote brought in the year 2009 has been carried out the survey and almost half of all workers in America are women. Whereas in other countries such as France, Spain, Italy, the Netherlands targeting the average 40% quota for women directors (Zahidi, 2010). This further reinforces the fact that it is actually a woman can not only be a housewife, but also can occupy the highest positions in her career both in business, government and other industries. In Indonesia, more women working in the informal sector, but in this sector Indonesian women occupy the highest positions in her office (Rahayu, 2010).

As mentioned above, that Indonesian women prefer a career in the informal sector than the formal sector, meaning that they choose to make their own business or entrepreneurship. Field can vary, such as beauty businesses (salons, boutiques), food (restaurant or café), or that are more masculine, such as motor vehicle repair shop even opened there is also a woman named Susi

Pudjiastuti aircraft known as the boss of Susi Air Pangandaran.

2. Purpose and Methodology

The purpose of this research is to find aspects that influence the investment choices in connection with an entrepreneurial woman of their risk profile. Limitation problem of this research is to see the profile of women entrepreneurs in Indonesia, especially in big cities with a minimum level of education above the high class.

The methodology used in this study is the literature review, which obtained data from various sources, mainly books and journals.

3. Entrepreneur

Entrepreneur is a businessperson who received a combination of risks and opportunities related to creating and operating new business opportunities. Entrepreneur is a person who bears the risk of business ownership with the main objectives of growth and development (Ebert & Griffin, 2003). Entrepreneur is someone who creates new business amid the many risks and uncertainties as a goal to achieve profitability and growth by identifying opportunities and collect important resources as the main capital (Zimmerer & Scarborough, 2002).

Entrepreneur is someone who has innovative ideas, can see the opportunities that exist in the market and changing their dreams into reality is shining (Thornberry, 2006).

Many small business owners characterized themselves as an entrepreneur, but many of them do not really want to expand his business as a true entrepreneur is doing. Maybe they were just small business owners and not a true entrepreneur. Should an entrepreneur must be able to see a business opportunity that exists to develop their business. What distinguishes between a small business-owner with an entrepreneur is a vision, aspirations and strategies. Usually small business owners have no plan to increase their revenue dramatically just play it safe by avoiding risks and earn enough income, but the soul of an entrepreneur will be motivated to grow.

Growing and building a bigger effort in order to take these risks and have strategies to avoid them. A good entrepreneur is to avoid the risk, not to take a risk. They look like a risk taker because they have a different perspective than people usually. They see the product or service that will meet the change of cultures. Once they design it, they will eliminate all factors that would impede their entry into the market so they can be known as risk avoider (Zimmerer & Scarborough, 2002).

3.1 Womanpreneur

A study showed, although it has a higher success rate, women entrepreneurs—womanpreneur—in Indonesia are generally produces 50 percent less money under the income or successful male businessman. This does not mean that businesswomen are less productive or less effective in their work than men. The answer was simple. Men and women have different reasons in the building business. Studies conducted by the Rochester Institute of Technology stated, a successful businessman and businesswoman have different priorities when building a business. Most men have the motivation to make money (ratio of men and women 76 per cent and 29 per cent), while women tend to be more interested in building business because it felt more flexible, able to balance work with tasks at home, can fill his life with something meaningful, and the freedom to stay at home with the kids.

Nevertheless, business does not mean women cannot improve its ability to make money, by sticking to his priorities. Women can learn from the men by taking a few rules of men in a manner consistent with our capabilities, and by emphasizing our talent.

Business opportunities for women, is actually very large, not just for today, but also for the foreseeable future. In fact, business opportunities for womenpreneur are actually bigger than menpreneur. That is because she has an advantage called “feminine”, where the figure is superior to a womanpreneur in the negotiations. The other is “flexibility”. On terms Candi G. Brush, assistant professor of management at Boston University, womenpreneur are more cooperative, informal, and easier to build consensus with other parties. Instead, male entrepreneurs tend to be more competitive, more impressed by the formal, and prefer to think systematically. Womenpreneur also tend to be more sensitive to business intuition. There are many success womenpreneur in Indonesia like Martha Tilaar, Moeryati Soedibyo, Dewi Motik, Suharti, and Susi Pudjiastuti. Unfortunately, womenpreneur are too afraid to take risks. Thus, if the weakness does not work properly, then it obviously will result relatively small number of womenpreneur who jumped into the business.

Many researchers said that it was difficult to develop womenpreneur because they tend to maintain their small business, and it more being independent and flexibility in managing their daily time. Entrepreneurial spirit is not owned by any person. According to marketing expert Prof. Rhenald Kasali, PhD, in his book *Young Entrepreneurial Self*, many people who wants to be an entrepreneur is failed because they cannot make a passion into the nature of uncertainty. This means that beginners do not realize that business people doing business activity adjacent to the uncertainty. There is not just capital, return on profits, and with dignity. Making friends is the uncertainty as a principle that must be owned by beginner businessmen. Understand the risks and how the perceptions that must be built on the risks, this is much more important in doing business.

According to Khasali, entrepreneurs need to understand the uncertainties in order to avoid abortion in the business being operated with following principle:

- Always prepare to accept or face the reality of the worst, but always expect the best.
- Learn from each step involved in their business, although entrepreneurs do not always get what you want or planned.

- Get familiar and friendly with the data, information on business activities, until we recognize the pattern, the offender, and the consequences. Uncertainty exists when we do not recognize what is being faced.
- The formula is, the more certain of a business, the smaller the risk, the smaller the likelihood that its profit. Conversely, the greater the uncertainty, the greater the profits on the back.
- The greater the probability that the benefits of doing business, the greater the risk.
- Something that impressed more definite, inherent uncertainty therein. That need to be ascertained is the perception of risk. To reduce risk, familiar with data and information, cultivate expertise and reputation, build networks, focus on excellence, and lead a business from something we like.

3.2 Risk Profile

Along with the development, effort is usually followed by a change in management style, then at the same time entrepreneurs are faced with various risks. For some entrepreneurs who have the courage and maturity to think, the risks might have been anticipated and can pass well. But, for most other entrepreneurs, the risk to be faced in developing business could be deemed too heavy and full of uncertainty so that they would prefer to maintain the status quo.

Basically, there are two risks faced by entrepreneurs when given the opportunity to develop their business. Both these risks are:

1. Real risk is the risk to be seen, can be calculated, can be anticipated and avoided (Setiono, 2010). Included in these risks are:
 - Both capital loss that has been planted and will be invested into the company.
 - Lose the opportunity for profit, in the present or future.
 - Lost their livelihoods to cover their daily needs.
 - Lose control of its power during this (decision-making) because there is transfer of family business style into a professional business style.
2. Psychological risk is the risk that is not visible, cannot be calculated; can be

anticipated, but not necessarily inevitable. Included in these risks are:

- Loss of reputation (missing face, a big name, image, etc.) and the risk of shame.
- Loss of trust, in themselves and in others (being paranoid or blind-dependency).
- Loss of sense of “potent” or capable of that would cause a loss of confidence.
- Loss of identity (particularly for those who already assume the existence of the company as one's own existence).
- Lose the motivation to fight reason .

Someone who wants to become an entrepreneur must know the various kinds of risks that will need to know whether she/he was confronted at the same time belong to the risk averse or a risk avoider. Grouping types of risk can be seen by way of a survey or interview so that it can be seen the type of risk concerned. Some information related to this is usually in the form of: gender, education level, age, salary, income, type of investment, etc.

4. Results

4.1 Entrepreneurship Prescription

According to Susanto on his book *Leadpreneurship: Pendekatan Strategic Management dalam Kewirausahaan* (Leadpreneurship Strategic Management Approaches in Entrepreneurship), there are some prescriptions that need to be held by the womenpreneurs (Pambudi, 2009):

1. Positive Mindset about Business.

To be a successful entrepreneur, a woman should have a positive mindset about business. She must instill the belief that business activity is the main driver of the progress of civilization and improvement of the quality of human life.
2. Business Is a Noble Profession

We have to believe that profession for womenpreneur is the same respectable with other professions, which also make proud.
3. Improve Sensitivity on Opportunities

One of the characteristics of a successful entrepreneur is the ability to identify business opportunities and then use it

optimally. This ability continuously refine so that an entrepreneur can readily see the things that have not seen anyone else.

4. **Balance Coordination**
Optimistic view explores and the challenges that have to be made. No entrepreneurs rarely felt so optimistic about an opportunity. Unfortunately, this optimism is not uncommon over done. An optimistic attitude for an entrepreneur is very much needed, but all realities and challenges facing the remains would be considered. Many entrepreneurs failed because it is too optimistic to less careful in calculating the chances.
5. **Be Realistic with Regard to Project Magnitude and Available Resources**
Resource problems and the large projects should receive attention. In their activities, the most important thing for an entrepreneur is to obtain optimal results with the available resources.
6. **Start with the Least Possible using Fixed Expenditures**
One of the principles in the pioneering effort is to start with fixed expenses (fixed expenditure) small.
7. **Find People Who Can Work and Think for the Organization**
“Man” is a major capital in the pioneering effort. Finding people who are willing and able to work and to commit to the organization, is the most crucial problem, because these factors will determine the future of the business. Leadership role is very important.
8. **Strive for a Healthy Cash Flow**
Management Company’s financial health should receive top priority to maintain the existence of the business. A healthy cash flow management is essential for survival.
9. **Expand Business Scale according to the Realistic Developments**
Before its expansion, the analysis must be done about the development of internal and external environment. Just having faith alone is not sufficient without careful calculation.

4.2 Consideration of Investment Choice

Basically, the more leads investment individually on the “save/save money or defer expenditure to get a bigger return in the future”. One of the rules in investing is to adjust the investment with personality and what we needs. One thing that may seem very simple, but many people are wrong to apply them. This is a key to investment success, where no one can last a long time to be a successful entrepreneur without it (Nelson, 2001; wikipedia.org, & Riarso, 2008).

To adjust the investment that ‘fit’ with our self there are five questions we should ask ourselves:

a) Do we need income or capital growth?

There are investments that only provide revenue and no increases in capital (such as deposits), while there that provide substantial capital growth and income is only small (such as shares, property). Usually those two things are inversely proportional.

The need for sufficient money in the everyday needs of your investment choices. For example, someone who is aged 40 years and have a high income, may be more interested to invest in stocks that emphasize capital growth comparison, a retiree may prefer to invest in time deposits that provide interest income.

b) How long will we wait to get the results?

There is an investment that offers results in one month (such as deposits) and others may require a period of 25 years to obtain optimum results (e.g.: forestry, property). We must be clear about the duration of our investment.

Investing in the wrong period of time will only cause harm to us, for example by placing the money available for short periods of time in the capital market.

c) How much risk can we tolerate?

We must know the level of risk that we can face, both mentally and financially. If our financial situation is solid, we can try to invest in high risk/high returns. But, if our financial condition is not strong, we should be able to resist the temptation to double your money by taking a high risk.

Age also determines. A 60-year-old would want an investment at lower risk than a 35 year old. Aggressive people aged 35 years had a longer time to recover financially from

investing mistakes; therefore, he/she will be better prepared to take higher risks.

Another important thing is our spiritual side. If we have a tendency to worry about fluctuations in the high (and make us cannot sleep at night) we should avoid high-risk investment. Mental side is important in two respects. Money and investments should make us prosper, not make us nervous. Secondly, we do not want our emotions (fear, greed) that determine our investment decisions. An investment decision should come from clear thinking is not based on emotion.

d) What level of investment knowledge that we have?

Investing requires skill. Investing does not always require complex calculations, generally only require a simple arithmetic such as addition, subtraction, multiplication and division (such as: deposits, mutual funds). A professional investor (a case of investment managers) may require such complex statistical module to calculate the value of bonds in the secondary market, the fair market value of a stock.

Other skills that may be needed is the relationship of interpersonal and communication skills (such as property). People the best and most successful investing in property are those who have high ability in negotiations.

e) How much time do we have to dedicate to our investment?

Our investment choices determine how much time we have to provide for the investment. Many people had to calculate the value of their time.

4.3 Things to Do

Womanpreneur preferred ways to invest with less risk and detail in view of existing risks. This is because women do more than worthy men consideration. It is expected that women can do things like below (Novaro, 2010).

1. Apply Strategy

Businessman thinks linearly focuses on finding solutions to various problems, set and achieve goals, develop plans and carry out his duties. This is important in business. If we learn to implement business strategies, create clear goals, and make sure that we will follow the plans already made.

2. Just Do It

One great advantage possessed man in a business entrepreneur is that they are happy to take risks. It is important to be cautious, but nothing bad will happen if we have not acted.

3. Stay Focused

Women are in luck because they awarded by multitasking skills, and naturally also multithinking. However, one of their weaknesses is that their minds are so nimble everywhere and many people can divert their attention. Therefore, it is important to stay focused on our goals, even though a lot going on around us.

4. Expect Great Results

From many studies, there was a major reason why men were more capable entrepreneur make money in business than women: men always expect great results. Challenge ourselves to think outside our comfort zone. Most people cannot achieve business goals because they set too low goals. Create great business objectives, and create great results.

5. Conclusion

By nature, women have the privileges that are not owned by men, pregnancy, childbirth, and breastfeeding. Another feature is a woman capable of doing some work termed multitasking. Women can certainly do the job simultaneously, such as working at a computer at home, while cooking and keeping the children. Multitasking is what makes a woman can still perform its role as a wife for the husband and mother to the children while run professional careers or entrepreneurship. The reason of woman to become an entrepreneur is for self-actualization, developing talent, as a medium of socialization, family financial help, or just develops a hobby. It all takes extraordinary effort.

Entrepreneurial and investment are closely related. In selecting investment risk, women tend to think that will happen. In this case women are more risk averse than men by several things. So, in this paper can be concluded that the risk is one of the factors influencing investment decisions of a womanpreneur.

Later author hopes that there would be further research that investigates the other factor rather than risk factors that can

influence womanpreneur in decisions to choose investment.

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Drawbacks of Women Entrepreneurship in Indonesia

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Abstract

The aim of this paper is to look thoroughly at the drawbacks that are faced by women entrepreneurs in Indonesia. Indonesian women's role has been rapidly increased since the movement of women education started by R.A. Kartini, the national heroine. Since then, women have not only been able to study but also to take part in working sector as well as holding position in government. Starting in the early of 20th century, the world's economy has been shaped profoundly by the entrepreneur activities, including Indonesia. Globe Asia's magazine in 2007 listed Top 99 most powerful Indonesian women. Many of these women have entrepreneur background or at least own a business. Although the number of women entrepreneurs has been increased, yet many Indonesian women still face many stumbling blocks in putting firm foundation to become an entrepreneur. The findings of this paper allow government bodies, non-profit organizations, women associations, and individuals to have an in-depth understanding about the issue, and together promote a better way for the women entrepreneurship to flourish.

Keywords: drawbacks, women, entrepreneurship, Indonesia,

1. Introduction

Long before entering the 21st century, researchers had pointed out the promising growth of women entrepreneurship. Toffler (1984) had predicted that “*in the 21st century human will come into a phase where man enters a new culture, the Third Wave*”. The most important characteristic of this culture is that there will be a significant increase of empowerment of “lower” people who seems to be forgotten, such as women. In the book of *Megatrend 2000*, Naisbit (1991) foreseen the potential growth of women's education, leadership and empowerment in the 21st century, which would lead them to be able to manage their own business.

In the Indonesian context, the movement of women education is generally known started in 1928 by R.A. Kartini, whose letters were compiled into a famous book titled “*Habis Gelap Terbitlah Terang*”. On her letters, she questioned the rule that prohibited girls to learn in a formal school. Although some recognition should also be addressed to other names such as Dewi Sartika and Maria Walanda Miramis, yet, during the time it was Kartini's book which had significantly inspired many young Indonesian women to gain their education.

Contrast to the fact that Indonesian women used to struggle to fight for their education right, currently Indonesian women have enjoyed the liberty in acquiring knowledge through formal education just as man. Not only that, the percentage of women in the Indonesian parlement has also increased, from 11,8% in

2004 to 18% in the current government. It shows that the government is encouraging women to take part in shapping the country. Women has not only taken part in politics activities but also in other sectors such as education, social activities, as well as business.

The government's has a seriusos commitment on the Millenium Development Goals (MDG) set by the United Nations. It is currently looking closely on the importance of the development of Small and Middle Business Enteprise (SME) in order to generate women entrepreneurs.

This study will give an in depth understanding about the drawbacks that are faced by women in starting and running their business. The result of this study is not only contribute to the body of knowledge, but also can be used by government bodies, non-profit organisations, scholars, as well as woman as an individual.

2. Literature Review and Theoretical Framework

The Friedrich Ebert Stiftung (FES) report (2005) on Indonesia's commitment towards the MDG has shown an increase of women entrepreneurship. In 2007, the female-owned enterprises represent 60% of the 30 million SMEs in Indonesia. Indonesian Businesswomen Association (Ikatan Wanita Pengusaha Indonesia – IWAPI) also experienced a significant increase in terms of membership from approximately 16,000 members in 2007 to

40,000 members in 2010, which is an increase of 150% in three years. IWAPI, however, believe that there are still lots of rooms for improvement to push this number even higher.

Before looking at the drawback factors of women entrepreneurship, it is important to understand the initial stage of why women start a business. The reason behind starting a business is the fundamental factor on how successful the business will be in the future.

This research combines the similarities approaches and work of previous researchers and test them in the Indonesian context. Existing literatures [Seymour (2001), Walokar (2001), Sharma and Dhameja (2002), Sinha (2003), and Tambunan (2009)] identified three motivations on why Asian women started their business. It is suggested that the reasons behind it are “Chance Factor”, “Force Factor” and “Created Factor”.

“Chance Factor” are those who started a business by chance, example from hobby. “Force Factor” are those who started a business out of life necessity, where as “Created Factor” are those who started a business because they have the knowledge to do so.

On the other hand, there are also factors that pull back women in starting their business. International Labor Office (ILO) reported that discriminatory property, matrimonial, inheritance law, lack of financial access, limited mobility and network are some of the barriers for women to start their business (2008). In addition to the Indonesian context, Hayati (2007) mentioned the cultural and social norm as well as high market competition are the reasons that stopping women to start their business.

Those previous findings are then classified into two, which are “Push Factors” and “Pull Factors”.

- Push Factors

Push factor are factors that encourage women to start their own business. Some started their business out of life necessity to support the continuation of their life, while others started a business out of hobby.

- Pull factors

Pull factors are the reasons why women do not want to start a business at the first place. It is important to look at this issue, because in order to promote women entrepreneur, one should know the holding back that women have before starting her business. These factors can be due to high

competitiveness in the market, insufficient capital, managerial issues, or other issues.

After looking at the factors affecting the business during the initial stage, it is then only one should look at the drawbacks in running the enterprise.

Allal (2003) elaborated in his research the findings of obstacles that are faced by women in different countries. He suggested that the stumbling blocks for women entrepreneurs are such as:

- Gender-bias perception of SMEs
- Discriminatory law and practices against women
- Lack of knowledge and skills

These factors are in-line with Nawaz’s (2009) extensive research findings on the critical factors of women entrepreneurship in Bangladesh. She classified the factors into three, which are:

- Regulative factors (i.e. governments’ policies and bank policies)
- Normative factors (i.e. social stigma and market contacts)
- Cognitive factors (i.e. Risk assessment capacity and Education and access to information)

In relation to this matter, IWAPI’s president, Dr. Suryani Motik, also have the same opinion and mention on her speech that the obstacles encountered by businesswomen in Indonesia are due to two factors, which are;

- Their position as an SME (i.e. governments’ policies in SMEs)
- Their position as women (i.e. culture, family, and governments’ policies in tax) (2000)

This then furthered explained by Tambunan (2007) who elaborated that at least there are four main factors attributing to the low representative of women entrepreneurs in Indonesia, which are:

- Low level of education and lack of training
- Heavy households chores
- Legal, traditions, customs, cultural, and religious constraints
- Lack of access to formal credit and financial institutions

The combinations of these previous researchers' works are then categorized in to two in this paper, which are:

- **Direct Factors**
Direct factors are factors that relates directly in the day-today process of running a business. Without good direct factors, women will face lots of obstacles to survive. Direct factors include capital, skills, opportunity, competition in the market, etc.
- **Indirect Factors**
Indirect Factors are factors that come from the women's surrounding environment. This is include education background, values held in the family, the culture of community and government laws and policies

3. Methodology

This research takes the advantages of both qualitative and quantitative data. Qualitative data was gathered from a semi-structured interview with the Head of Public Relations of IWAPI, Mrs. Nunki Juniarti. Quantitative data were gathered from cross-sectional correlation field study surveys over 120 open-ended questionnaires respondents. Questionnaires were distributed using convenience sampling. Out of the 120 questionnaires distributed, only 100 are found to be of used. 20 questionnaires were taken out from the survey due to incomplete answers. Statistical data of the respondents is as followed

Table 1. Respondents Data

Age Classification		Education Background		Own a Business	
20-35	35-50	SD-SMU	S1-S3	Yes	No
64	36	22	78	54	46

As the purpose of this study is to know the factors that hold back women in starting and running their business, therefore it is necessary to also look at the perception of women who is not yet a business owner, yet going to start one. That is the reason why respondents who have not own their business yet are also included in the research.

4. Result Findings

Findings from the semi-structured interview and questionnaires have revealed that women entrepreneurship has actually been exposed in Indonesia. There are many articles about successful business women were published in

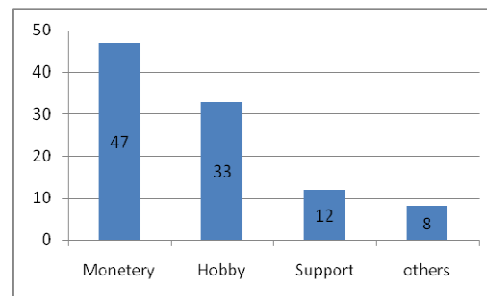
magazine and newspaper. In addition, many TV programs had also brought up women entrepreneurship issues and interviewed inspiring business women during their show. Many of the respondents also know other women who started their own business.

This paper looks at the factors that effecting women entrepreneurship at the initiate stage of starting a business, as well as the factors that effecting the business at running stage. The initial stage factors can be classified into two factors which are "Push Factors" and "Pull Factors". Whereas at the running stage, it is suggested there are two factors which are "Direct Factors" and "Indirect Factors".

4.1 Push Factor

Result findings from the quantitative data on the factors that push women to start their business is shown as below.

Table 2. Push Factors



Monetary reason is the highest push factor for women to start their business with 47%. Findings also show that women feel the need to fully utilize their time to add additional income as the cost of living nowadays keep on increasing. It is interesting to see that this factor is not even reaching 50%. This could be due to the fact that most married women in Indonesia are still depending on their husband for financial matter, while many of the single women are still financially support by their parents.

The second highest push factor is hobby with 33%. Women take the opportunity to commercialize their hobby as an advantage of having both pleasure as well as earning additional income. Many of them started boutique, catering or restaurant business because of their hobby.

Support from friends and family is another reason why women start a business. It is placed third with 12 %. It is suggested that the continuous support from peers has lead women

to be more confidence in stepping into the business world.

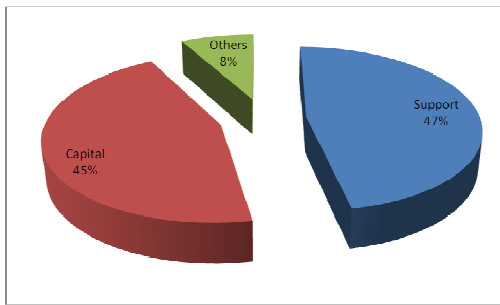
Others factors mentioned in the findings are application of the knowledge that they have learned, independency, pride, etc. However, it is only count for 8%.

This finding of Push Factors supports the “Chance” and “Support” factors that were initiated by previous researchers. However, this finding finds it less significant of the “Created” factor which was also suggested by previous researchers.

4.2 Pull Factors

Besides looking at the factors that motivate women to start a business, it is also necessary to look at the factors that pull back women to start their own business. Quantitative finding has identified two major factors as listed below.

Table 3. Pull Factors



Seymour (2001) stated that, “Having primary responsibility for children, home, and older dependent family members make few women can devote all their time and energies to their business”. This perception is one of the reasons why husbands do not really encourage their wife to become an entrepreneur. Based on the quantitative data, a similar perception has prevented women to start their business. 47% respondents agreed that the lack of support from families and friends have turned many women entrepreneurs down. Taking care of business takes much time of women and they find it difficult to balance between work and family. Thus lead to the lack of support from family.

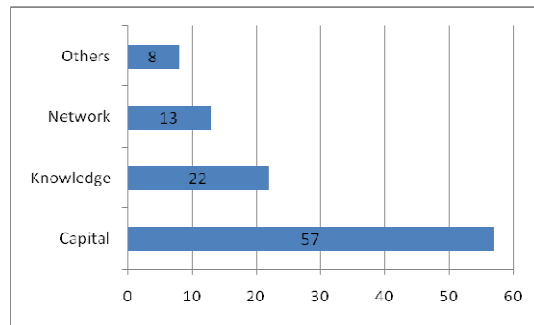
Another crucial factor is the incapability of providing enough capital to built and run a business. This is closely related to the first factor. 45% of respondents said that they find it difficult to gather capital to start a business because of the lack of support from husbands and families. Many women are unaware of the

available capital that might offered by other third parties. Even if they have heard such information, they are still unaware on how to have the access to it.

4.3 Direct Factors

Direct factors are the factors that affect the business directly during the running stage of an enterprise. Findings of this factor can be seen on the graph below.

Table 4. Direct Factors in Starting Business



When asked for factors that are needed to run a business, 57% respondents stated that capital is the most crucial factors in starting the business. This findings support the findings of Rahman and Hossain (1999), “the lack of working capital is considered as one of the most serious problem”.

This issue has also been known by IWAPI as one of the major problem of women entrepreneurship. Therefore, IWAPI throughout their program has been helping Indonesian women in giving the channel to open access for capital.

The second major factor is knowledge. 22% stated that knowledge in how to run a business, how to win the market, as well as what are the ways to be more efficient in running the business is crucial to ensure the continuation of the business. This problem has also been identified by IWAPI as one of the drawbacks for women entrepreneurs who do not have sufficient knowledge and background in starting a business. To overcome this problem, IWAPI has provided several centers for women to undergo trainings to facilitate them in running their business.

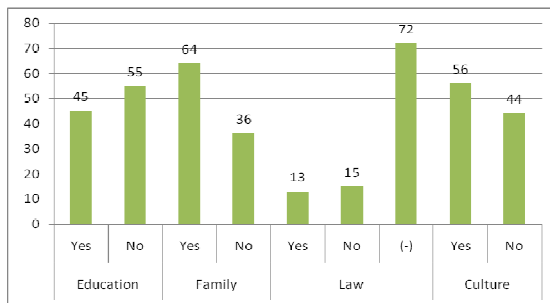
4.4 Indirect Factors

Indirect factors are factors that shape the enterprise indirectly during the running stage of an enterprise. Taken from the previous

researches which have been done, this paper tests whether or not the suggested environment factors are applicable in the Indonesian context. The factors are then divided into four; which are education background, family background, law and policies, as well as the culture and values that they are holding in.

Although it is not related to the day-to-day business activities, the surrounding environment has placed a significant effect for the enterprise. The findings can be seen as below.

Table 5. Indirect Factors in Starting a Business



In terms of education background, 55% of respondents said that there is no guarantee that someone with a good education background will be successful in running a business. Finding of semi-structured interview also find the same result although during the interview, it was added that before starting a business, it is necessary for women to do an in-depth research on the business that they want to start. Furthermore, while running the business, women also need to learn the practical ways on how to run a business in day-to-day basis.

In terms of family background 64% agreed that it has a great impact on one's skill and survival in running business. The teaching and up bringing that women had in the family they have been brought up shape their character. This character is then shown in the way they make decision and run their business. A well-established family background will also bring the advantage of easy access to capital and networking which will give a wider chance for women to win the market.

When asked if the law in Indonesia has helped the growth of women entrepreneurship, 72% stated that they do not really aware of the specific law regarding small business. When starting their business, they usually start home-based enterprise and they did not really pay much attention to the current law and policies.

According to the semi-structured interview, the current law has an open opportunity for men and women to start their businesses. Thus, put women and men at an equal place. Although there are different ways in counting women and men tax of wages, however there is no law and rules that discourages women entrepreneurship. Equal opportunity is given to both men and women.

Another finding for Indirect Factors is that respondents agreed that Indonesians' culture has move towards gender equality. 56% of respondent agreed that the current Indonesia culture has no longer believed that women should only stay at home and prepare themselves to do household chores. The slogan of "Women Emancipation" (*Emansipasi Wanita*), is not a new thing in today's life. However, there are 44% who still think that in today's society there is still a general believe that women, especially married women, are better to stay at home. This is the reason why many women did not really get a full support in starting their business.

Findings from semi structured interview also revealed similar answer. Nowadays the values and norms of Indonesian culture have moved to a greater benefit for women. Women are allowed to study, to work, and to further extent, start their own business. In fact, in certain cases, the longing to preserve Indonesian culture has become an inspiration for women to start their business. Clothing business, food business, and cosmetic business are some of the business which were started because of the Indonesian culture preservation reason.

There are many names to be look at for examples. Martha Tilaar and Anne Aventie are two of them. Martha Tilaar has built her international cosmetic company started from her humble vision to use her knowledge in the Indonesian traditional formula. The knowledge she learnt from her grandmother has become more exposed to public and not only that, she keep doing researching and developing to better improve her products. Now, her company is one of the major companies in South East Asia in the cosmetic industry.

Designer Anne Avantie is another example. Anne modified Indonesian traditional clothes, Batik, in to a new form of clothing. Her batik designs were very creative until she was accused of destroying the "rule" on how batik is supposed to be. However, her perseverance made her to be the uniquely famous Anne

Aventie. Her batik is known for far from being outdated; in fact it shows class and prestige (Yusrini, 2010).

5. Conclusion and Recommendation

The findings of this research conclude that there are two factors that should be looked into at the beginning stage of starting a business. The factors are Pull Factors and Push Factors.

Findings of the survey show that in Pull Factors, monetary and hobby factors are the most important factor. Where as in Push Factors, lack of capital and support are the reasons behind why women are holding back in starting the business.

The findings also look at the factors that affect women entrepreneurship at the running stage. These factors are classified into two, which are the Direct Factors and the Indirect Factors.

In the Direct Factors, there are 3 factors that have been identified, which are capital, knowledge, and network. In terms of Indirect Factors, respondent agreed that family background and the culture in the society have encouraged the growth of women entrepreneurs. Education background is less regarded as the crucial factors, while in law and policies, women seems to have lack information about the government regulations in starting a business.

Looking at the findings, there are ways that should be taken in order to help women entrepreneurship in Indonesia to flourish. The suggestions here are structured to answer the drawbacks that have to be faced by women entrepreneur in Indonesia.

In order to achieve maximum result for the growth of women entrepreneur in Indonesia, actions should be taken not only from government officials, but also all various agents such as women-interest non-profit organization, scholars, as well as women as an individual.

The recommendations are listed as below:

1. To overcome the capital issues, it is important for women to be better equipped with the knowledge of how to get a loan. Looking up for more information from friends, families, networks, non-profit government, banks, as well as government bodies are actions that are necessary to be taken. IWAPI has been helping Indonesian women to give them the channel to open access for capital. More non-profit organizations are called to provide a similar

service. Further action should also be taken by banks and other third parties that provide soft loans. By promoting their program to public, there will be more women aware of the opportunity to gathered capital to start their business.

2. Social attitudes towards women entrepreneurs slowly but sure should be switch from stopping them to facilitating them. Rigid social norms and values can be shape by giving real examples of successful women entrepreneurs who are able to balance between managing their business and taking care of their families. All this time, many media only exposed about how great they are in running their business, little were known on how great they are in doing their roles as mother and wife. More exposures on this will not only inspire more women to be able to success in both, but also will set a good example for man to allow their spouse to start a business.
3. To build confidence and also shows some support to the growth of entrepreneurship, it is important to give some recognition for successful women entrepreneur by giving them rewards and recognition. Femina magazine together with Bank BRI have initiated a nation-wide competition for inspiring women entrepreneur started in 2009. Such recognition should be more exposed to public, and similar awards with different categories should also be held to promote women entrepreneurship in all sectors.
4. As lack of knowledge has also been identified as one of the drawbacks of women entrepreneurship, more education and training centre should be built in more approachable ways to women. NGOs and government bodies can set up consultancy services in more cities and held workshop and seminar with speakers who are currently running their business.
5. Another way to promote sharing of knowledge in women-entrepreneurship is to establish a nation-wide women business magazine. At the moment there is no established magazine that specifically looks into the detail of life and business matters for women entrepreneurs that is available for the whole country.
6. Women should be more exposed about government's laws, rules, regulations, and policies, so that women can know their right

and obligation to the government. Having a basic knowledge about this will allow women to have a well-established foundation in starting a business. Workshops, trainings, and seminars are needed to enhance women's knowledge in the legal field. It is also important for the government body to make aware of the current rules and policies to women, so there will be a reciprocal communication between the government and women entrepreneur.

7. As for women as an individual, it is crucial for one to understand the importance of carefully planned business in terms of capital, networking, as well as the legal side of it. Hobby alone will not get one to go far without the support of other factors. Acquiring enough knowledge before starting the business will help one to be better prepared in the day-to-day running process. If one is better prepared, they are more likely to be successful and thus will encourage more women to start their own business.

From this research, a further study about why women seem to be unaware about the law implemented by government is important to be done. Research on how many institutions have actually serves the need of women to be well-informed about starting a business should also be done in the future. A thorough research in this area can help women to unlock their potential and to provide them with a better the knowledge in preparing themselves to run their business and become successful businesswomen.

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Family Members & Family Business Activities: A Psychological Contract?

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Abstract

Family businesses seem to be flooding the market. Small, medium-sized, and large businesses appear to have some kind of connections to each other, which likely to form groups of businesses. There are chances that the structures of family may contribute to the successful mixture between family members and their family business activities.

The initial perspective uses the entrepreneurial theory of the firm. The psychological contract of the well-known ownership theory is also explored to provide a foundation toward building a case surrounding the mixtures of family members and family business activities. Since psychological contracts imply only intangible bonds, this model is leaning toward unwritten or illusive agreements among family members. This includes emotion, feeling, or attitudes of certain family members toward the business activities, rather than relying on the written agreements among family members.

This study gathers the necessary data from numerous smaller-scaled organizations in Bandung and Jakarta. It is expected that such studies reveal the complexities in mixing family members into the family business operations. It is also expected that family members, who do not have direct controls over the family business operations, have only psychological contracts in their mind. This psychological contract influences their behaviors toward family business management.

Keywords: family business, family members, psychological contracts, illusive agreements, business operations

1. Introduction

Family members are often regarded as the most important support in individual's life, not only for rational supports, but often times, also for emotional supports. If one were asked to divide proportionately between rational and emotional supports, it appears that family members take on a much bigger proportion. Though, there are no written agreements as far as the amount of supports, undoubtedly, family members appear to devote as much as time and efforts among themselves. Such intangible bonds among family members become an interesting aspect to investigate, particularly in terms of managing family business organizations.

The historical Coase' theory of the firm, including its later development, has been widely used in many organizations across industries (Anantadjaya, 2008). The theory of the firm provided the first foundation on how firms are viewed years ago. As time passes, contemporary views on firms have emerged to expand the horizon on the original boundaries of the theory of the firm. This paper uses the perspective of

entrepreneurial theory of the firm, or otherwise known also as "entrepreneurial growth theory of the firm", as the foundation to build up arguments toward family members and family business activities in today's business environment. It is expected that theory of the entrepreneurial-growth-firm is able to provide the foundation closer to the reality of the firm's operational and managerial activities, than the original theory of the firm, which accounted firms only as black boxes with many unknown substances.

In the dynamic environment, certain developmental processes are common in entrepreneurial firms (Anantadjaya, 2008). Mobilizing resources are the key to form a resource base, which is capable of generating hefty returns. This is the area where entrepreneurs seek to secure the productive opportunities, which may include of all the productive possibilities that entrepreneurs can take advantage of. Although all of these thinking are formulated only in the entrepreneurs' imaginations, such imaginations broaden the range of investment opportunities for firms. Entrepreneurs do not just perceived

opportunities that have existed in the market as a result of various types of changes in prices or preferences. Entrepreneurs do attempt to create many opportunities. To realize opportunities, entrepreneurs must organize business activities. Firm's resource base needs to be present and mobilize before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need match up market opportunities to the available resources for firms to start growing (Anantadjaya 2008; Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000).

2. Theoretical References

2.1 Theory of the Firm

Traditionally, the theory of the firm is targeted merely to provide responses on some basic questions, such as; why are there firms, what would be the boundaries of firms relative to their marketplaces, and what would be the firm's internal organization (Stam, et al, 2006). As Coase's "The Nature of the Firm" article indicated (Anantadjaya, 2008; 2009), price mechanism provided a foundation toward the formation of firms. It was stated in the article that the allocation of factors of production between different users relative to their prices, was likely to direct the production activities in any given firm. The existence of firms is particularly beneficial for individuals and business groups in terms of the power of negotiation and closing out contractual agreements for each exchange transactions in the market. There was a time when internal organizational functions are seen as a black box¹ that merely transforms inputs into outputs. In a similar sense, the emergence of entrepreneurs in trying to allocate those factors of production in relation to their relative prices was advantageous to the actual ways of production activities. Moreover, the article indicated that while economists tend to view the price mechanism as a coordinating instrument in the

market, such a coordinating instrument is somewhat mirroring the coordinating role of entrepreneurs in any firms. Thus, it is important to note that a coordinating function represents both the work of price mechanism and coordinating role of entrepreneurs. As the costs of organizing all of those factors of production are sufficiently coordinated within a firm by entrepreneurs, the actual costs of obtaining products are minimized. This is due to the emergence of specialists, who essentially direct the production activities.

The allocation of factors of productions is later labeled as the sources of sustainable competitive advantage in the management field. This has become one of important areas and fields of study in strategic management. The prominent signals toward allocation of factors of productions in relation to firm's sustainability have been emerging in recent years through the rise of strategic management. Questions toward sources of firm's performance have certainly emerged from both the industrial effect, including from any other specific capabilities, as well as how firms can reach and potentially sustain their competitive advantage (Anantadjaya, 2008; 2009; Jensen, 2001; Sampurno, 2006; Sangkala, 2006).

2.1 The Growth Theory of the Firm

According to Penrose in her famous article of "The Growth of the Firm", such a theory supported the notion that the industrial effect can potentially bring about successful achievement and sustainability of firm's performance (Anantadjaya, 2008; 2009; Stam, et al, 2006). The Penrosean theory of growth of the firm stated that growth represents the end-result of a mixture of creative and dynamic interaction between productive resources of the firm while matching them to the market opportunities.

Limited availability of firm's various resources are likely to portray hurdles toward firm's growth and expansion. All this time, firms have been relatively concentrating themselves on managing installed and utilized resources. Infrequent writings were compiled on the unused resources, in particular technology and entrepreneurial efforts, which are fundamentally pushing firms into the growing path. Since a firm supposedly plays a double role as the administrative organization whose interests are mainly collecting and allocating the pool of various factors of production, firms then

¹The Neo-Classical Theory of the Firm viewed firms as a black box, which transformed inputs into outputs with frequent adaptation process to any new opportunities in the marketplace. In many Economics textbooks, firm is universally modeled as a single player, who face series of decisions that portrayed as straightforward, such as; level of production, sources of raw materials, transformation process from raw materials into finished goods, compensation and benefits for employees, marketing activities, quality control, and many others. Theory of the firm is also regularly modeled more as a mathematical set of problems, and cost curves, rather than complexities of human interactions. This leaves firms with no room to analyze the roles of entrepreneurs (Anantadjaya, 2008; Marr, 2005).

must start planning the utilization rate of the available resources wisely. The so-called “inherited” resources provide the groundwork on internal management to start running the production activities. In order to maintain and/or otherwise improve the production activities, there are additional resources to be taken from the market. It is important to absorb services from existing management as a way to set a limit to the amount of expansion that can be planned and executed although additional resources from marketplace become a necessity. This is true for both external² and internal³ growth. Firms are not necessarily confined with any given products, but the series of activities that those firms are moving into are somewhat related to their existing resources. This shows that there is a relatively close connection between various kinds of resources with which the firms work on, and development of ideas and knowledge for managers. Since the firm’s concentration is usually on the internal productive resources, it has a tendency to increase demands toward maximizing the use of the unproductive resources. Thus, management and entrepreneurs are faced with demands for expansion, innovation, and making a good use of all sources of competitive advantage. This competitiveness environment pressures firms to specialize in areas that they are doing comparatively good over period. Existing products are merely representing the current ways of any firm in using its various resources toward sustainability. It provides factual grounding on numerous product developments to obtain all firms’ potentials. The success of the firm may certainly rest on that final product. However, today’s firms are relying on new products, which are substantially different from their original products that they were once based their success upon.

²External growth refers to expansion of firms through maximizing the utilization rate of external resources, which includes mergers and acquisitions (Anantadjaya, 2008; 2009).

³Internal growth refers to expansion of firms through maximizing the utilization rate of internal resources, which includes the quality improvement on human capital. The term “human capital” refers to numerous aspects of human; from basic skills to the most advanced skills, competence, capabilities, intelligence, and many others. The term “skills” covers all types of human skills in managerial activities, such as the following, but not limited to; technical skills, conceptual skills, human relation skills, time management skills, and decision making skills (Nawangwulan, et al, 2006; Noe, et al, 2006; Yogaswara, et al, 2005; Yogaswara, et al, 2006a).

Aside from the various product manufacturing of a given firms, managerial styles and entrepreneurial activities are supposed to represent productive factors of production as well. However, such managerial styles and entrepreneurial competence may well be viewed as unproductive. Conservatism attitudes toward financial dealings, or general precautions toward various investment decisions, are often labeled as failure to maximize profits. Thus, it is said to be a major failure toward supporting growth of the firm (Stam, et al, 2006). The fact of the matter today is that managerial styles and entrepreneurial efforts often create substantial growth of the firm (Anantadjaya and Nawangwulan, 2006; Cardy and Selvarajan, 2006; Carroll and Hunter, 2005; Noe, et al, 2006).

2.3 Entrepreneurial Theory of the Firm

As firms developed and evolved dramatically over period, there are fundamental questions that remain unanswered by the traditional approach of theory of the firm. Since the traditional responses dealt with a more static analysis on firms, a more dynamic analyses of firms would likely require more vibrant questions as well. Such inquiries may include the following, but not limited to; how firms evolve and co-evolve with other firms and marketplaces, how the boundaries of firms are affected by such evolvment, how to identify firm’s internal development, how to identify paths to take on, and many other queries (Carson, 2006; Kim, et al, 2006; Stam, et al, 2006; Westaby, 2005; Whincop, 2000). Those inquiries seem to combine the traditional theory of the firm, theory of the growth of the firm, and the roles of management and entrepreneurs in the firms; to form a new theory of firm, or better known as the theory of the entrepreneurial-growth-firm (Charan, 2006; Forman, 2006a; Forman, 2006b; Stam, et al, 2006). There are people, who believe that firms’ existence and roles of entrepreneurs cannot be separated from each other. The existence of firms and firms’ abilities to evolve in the marketplace are mainly due to the roles of entrepreneurs and management members. Likewise, entrepreneurs require firms to provide their productive roles in creative thinking and managing the dynamic interaction among people of colors; not only inside the firms, but also with others outside the firms (Foss and Klein, 2004; Garnsey, et al, 2004).

The theory of the entrepreneurial-growth-firm represents the dynamic entity of a firm, and is closer to the reality of the firm's operational and managerial activities, than the original theory of the firm, which accounted firms only as black boxes with many unknown substances. In the dynamic environment, certain developmental processes are common in entrepreneurial firms. Mobilizing resources are the key to form a resource base, which is capable of generating hefty returns. This way of thinking is certainly supported by Penrosean theory of the growth of the firm (Anantaditya 2008; 2009; Stam, et al, 2006); that was, growth is a cumulative process whereby members build knowledge and competence together. Penrose indicated that firm's internal development process bring about growth for the firm, in such a way that "...interacting series of internal changes leads to increases in size accompanied by changes in the characteristics of the growing object"⁴ (Stam, et al, 2006). Growth for firms is perpetuated by "productive opportunity", which occurs in cumulative processes of interaction between the firm's productive base and market opportunities. This is the area where entrepreneurs seek to secure the productive opportunities, which may include of all the productive possibilities that entrepreneurs can take advantage of. Although all of these thinking are formulated only in the entrepreneurs' imaginations, such imaginations broaden the range of investment opportunities for firms. Entrepreneurs do not just perceived opportunities that have existed in the market as a result of various types of changes in prices or preferences. Entrepreneurs do attempt to create many opportunities. To realize opportunities, entrepreneurs must organize business activities. Firm's resource base needs to be present and mobilize before entrepreneurs can attempt to organize business activities. Thus, entrepreneurs need match up market opportunities to the available resources for firms to start growing (Colombo and Grilli, 2005; Westaby, 2005; Whincop, 2000).

⁴This refers to the Theory of Cognitive Leadership by Witt (1998b; 2000). Such a theory is a complement to this approach as it analyzes the effects of growth on the development of the firm. The term "growth" refers to "increasing in size", which is not limited only to just sales and revenue of an organization, but also includes increasing numbers of employees, increasing numbers of land/building sizes, or increasing numbers of fleet. The term "development of the firm" is defined as "corporate governance and leadership".

Due to the complexities and large amount of setting up internal productive bases, many young firms intent to set up their simple bases, prior to advancing their bases toward the actual installations of plant, machinery and other equipment. Start-up firms may have to rely on the entrepreneurs' ability in mobilizing resources to start building the firms' internal productive base. Research firms are examples of firms with a simple productive base. Though those research firms may not be young anymore, however, the simplicity of their productive bases has significantly shown the power for growth. Stam, et al (2006) indicated that "the continual change in the productive services and knowledge within a firm along with the continual change in external circumstances present the firm with a continually changing productive opportunity". As firm grows, its resources may strengthen and support the productive activities of the firm. As firm grows, dynamic processes occur internally as firms attempt to maintain the current level of production, while achieving sustainable growth into years to come. The main ingredient for sustainable growth is the ability to build solid resource base and adapt such a resource base to respond to new opportunities in the market. Since market and opportunities vary over time, firms may mobilize resources to generate maximum returns from any productive activities, which are chosen from all alternatives suitable to the firm's abilities, of course, taking into account the financing abilities, production scopes, economics of scale, and the preferences of the entrepreneurs. Although preferences of entrepreneurs may be modest, the entrepreneurial firms will pursue expansion regardless. In the case of start-up firms, moderate expectations and limited access to various resource-bases may be the significant reasons for modest growth projection. This is true at least for short period ahead prior to the actual establishment on the solid productive base internally. As it becomes relatively logical for firms to continuously growing, failure to do so may put the firms into jeopardy as firms are challenged by demands of coordinating growth⁵

⁵The term "coordinating growth" refers to the operational activities among various business units of a firm whose works are to be coordinated in such a way in order to realize the expected growth as planned. Each of the business units must formulate and develop their own growth projection to mirror the organizational-wide growth path. When coordinating activities are performed,

(Stam, et al, 2006; Yogaswara, et al, 2005).

Borrowing one perspective from human resources management in looking at the pool of human resources, practitioners usually realize that human resources function as creators toward high-performance work practices (Jensen, 2001; Kohlbeck and Mayhew, 2006; Witt, 1998a; 1998b; 2000). This would likely push the attention to look for innovative ways of achieving such the condition of high-performance work practices (McKoy, 2006), such as; the formulation and implementation of feedback mechanism⁶ (Carson, 2006), quality control for production units, application/monitoring of balanced scorecard (Anantadajaya, 2007), and sets of measurements on corporate governance (Bauer, et al, 2004; Florackis, 2005; Witt, 1998b; 2000). These represent some innovations that human resources have introduced in many workplaces in recent years. Some innovative ways to achieve the high-performance work practices tend to concentrate on staff capacity as a way to strengthen the strategic pillars of the organization (McKoy, 2006). In addition, McKoy (2006) also indicated that members of organization have now demanded value-added

approach⁷ in managing the human resources as human resources are taken into account as essential to the organizational strategy, which is far more difficult to obtain than other capitals. This is, perhaps, to say that the role of human resources in an organization have certainly been augmented into a new higher position. That is, as the real source of organizational competitive advantage. As organizations must constantly re-invent themselves to adapt to the changing environment, human resources becomes the critical factors to integrate various business operational activities from multi-departments (Colombo and Grilli, 2005; Fulghieri and Suominen, 2005; McKoy 2006).

As in the previous theories, the entrepreneurship growth theory of the firm maintains solid grasp that entrepreneurs and managers are rational. Thus, as mentioned, this states that entrepreneurs and managers will act and/or otherwise response rationally to achieve the organization's maximum profits (Stam, et al, 2006). In addition, rational human resources will attempt to create high-performance work practices (Jensen, 2001; Kohlbeck and Mayhew, 2006). It means that they will look for innovative ways of achieving high-performance work practices (McKoy, 2006): feedback mechanism (Carson, 2006), quality control, balanced scorecard (Anantadajaya, 2007), and measurements on corporate governance (Bauer, et al, 2004, Tabalujan, 2002). Also, as rational human resources, people tend to create and/or otherwise seek value-added approach in managing human resources. This becomes very important for firms as to establish the real source of organizational competitive advantage (Fulghieri and Suominen, 2005). Integrating various business operational activities from multi-departments is also critical as firms must adapt to changing environment (Colombo & Grilli, 2005; McKoy, 2006).

human capital plays an important role in synchronizing the works of all individuals across business units. The climate in contemporary management, or as one may refer to as "strategic management", the agreed role and function of the human resource profession are changing (Florackis, 2005; Foss and Klein, 2004; Garney, et al, 2005; McKoy, 2006). The traditional view on roles and functions of human resources usually include; recruitment, selection, training, development, placements, performance reviews, compensation and benefits. However, the contemporary view on human resource roles these days include all of the traditional roles and functions, in addition to the roles and functions as strategic partners, change agents, administrative experts, and employee advocates (Nawangwulan, et al, 2006; Noe, et al, 2006). The new roles and functions of the human resource professionals should be are still highly debated, nevertheless (Forman, 2006a; Forman, 2006b; Yogaswara, et al, 2005).

⁶Some innovative ways in creating high-performance work practices tend to focus on staff capacity as an element to achieve the higher standards on work practices in any firm. The formulation, development, and implementation of performance appraisals are unquestionable included. Though there are numerous types of performance appraisals, the 360-degree feedback has gained an increasing popularity in many organizations, including educational institutions. In USA alone, at least, Carson (2006) indicated that the rate of usage has increased from a mere 40% in 1995 to a hefty 65% by 2000. With the increasing use of computer and internet in organizations, this 360-degree feedback becomes much easier to conduct. The 360-degree feedback serves organizations as a tool to provide management with a complete picture of the quality of human capital, and thus such a performance evaluation mechanism attempts to improve reliability on leaders' assessment (Carson, 2006; McKoy, 2006; Nawangwulan, et al, 2006; Noe, et al, 2006).

⁷The term "value-added approach" refers to additional valuable perspective for human resources in any organization, which positions those human resources as human capital (instead of as "disposable capital"), who are able to play a strategic role in supporting and realizing organization-wide strategic view. The roles and functions of intangible assets have claimed a much larger portion from the overall organizational contributions, in particular, in the ability to create economic value added. Human capital is undoubtedly a part of intangible assets that can potentially bring about economic value added despite any related expenses to the organizations, which may attached to human resources (Noe, et al, 2006; Sampurno, 2006; Witt, 2000).

2.4 Group Psychology and Group Synergy

In consideration on the rational thinking of managers and entrepreneurs, and the theory of the firm, the theory of social psychology (Yolles, 2008) may also seem to provide a competing view. The urge to increase knowledge and understanding may actually start from individuals, prior to expand relatively all operational activities in firms. This is often referred to as “collective mind”, where firms are not a place to store “products”, but also represent chains of actions toward operational reliability. The theory of group psychology (Geisinger, 2004) also supports such collective minds to achieve the highest profitability for firms. This concept of thinking on the group psychology portrays rational cognitive psychology for individuals.

Hence, these combinations of theories are used as the foundation to support the notion that family business activities are just a mere psychological contract for family members.

3. Research Method

A non-probability cluster convenience sampling method is used in this study to note the characteristics of those family business firms, particularly in small and medium enterprises in certain locations, and industries. The non-probability cluster convenience sampling method is used to segregate family members and non-family members, organizations in Jakarta and Bandung, family members, who are involved directly with the daily operational activities in the family business, and based on the previous field study, which incorporated this sampling method (Anantadjaya, et al, 2007; Yogaswara, et al, 2005; 2006).

Research is conducted by gathering data from primary and secondary sources in service industries in Jakarta and Bandung. Variables chosen in noting the psychological contracts are; job satisfaction, internal locus of control, involvement, motivation, and mood/attitude (Yolles, 2008) of the family members, who are also involved directly with the family business activities. Aside from the qualitative analyses, which are based on interviews and direct field observations, a combination of quantitative inferences will be gathered to present the statistical results pertinent to this study. As stated, it is expected that such studies would reveal the significance of psychological

contracts among family members in small and medium enterprises in trying to safeguard the operational activities of the family business.

3.1 Research Model

The framework of thinking in this study is as illustrated in the following diagram. The diagram illustrates the possible influence between family members and their behaviors in conducting the actual family business activities. It is expected that in managing and running the family business operational activities, family members are acting solely based on psychological contracts. This is to say that family members often do not possess formal written contractual agreements in performing daily tasks. Hence, no formal job descriptions, responsibilities, levels of wages and salaries, and performance appraisal for any jobs and tasks.

Figure 1. Framework of Thinking



3.2 Research Variables

As mentioned earlier, variables chosen to note the existence of psychological contract are; job satisfaction, internal locus of control, involvement, motivation, and mood/attitude toward work.

The variable “job satisfaction” is used to show the level of satisfaction on family members toward the overall job descriptions and responsibilities in the family business activities. It is expected that as the level of job satisfaction increases, group synergy is established among family members, and it may be an indication that psychological contracts seem to exist among family members.

The variable “internal locus of control” is used to show the level of control on family members toward their own success and career path in the family business. It is expected that as the level of internal locus of control increases, group synergy is established among family members, and it may be an indication that psychological contracts seem to exist among family members.

The variable “involvement” is used to show

the level of involvement on family members toward job descriptions and responsibilities in the family business activities. It is expected that as the level of involvement increases, group synergy is established among family members, and it may be an indication that psychological contracts seem to exist among family members.

The variable “motivation” is used to show the level of motivation on family members toward job descriptions and responsibilities in the family business activities. It is expected that as the level of motivation increases, group synergy is established among family members, and it may be an indication that psychological contracts seem to exist among family members.

The variable “mood/attitude” is used to show the level of mood/attitude on family members toward job descriptions and responsibilities in the family business activities. It is expected that as the level of mood/attitude increases, group synergy is established among family members, and it may be an indication that psychological contracts seem to exist among family members.

4. Result and Discussion

4.1 Overview of the Study

Based on the previous studies by Yogaswara, et al (2005; 2006), the original sample consists only 50 (fifty) respondents, whose businesses are still relatively young, and operate in the service industries in Jakarta and Bandung. Those respondents are chosen due to previous acquaintances during prior studies. The products and services sold in those establishments range from bakery/cakes, hair-dressers, barbershop, laundry/dry cleaning, delivery/courier, copy center, phone booths/kiosks (*wartel*), computer/internet rentals (*warnet*), cellular phone vouchers, snacks, garment, textile, and tutorial centers for computer and language training (*kursus/bimbel*). Since, the total respondents for laundry/dry cleaning services are insufficient from the previous studies, additional data gathering is performed to increase the number of respondents (Anantadjaya, et al, 2007; Nawangwulan, et al, 2007; Yogaswara, et al, 2007).

Based on the previous study, it is derived that about 57% (fifty-seven percent) of those respondents are located in Jakarta, and the remaining 43% (forty-three percent) is in Bandung. Since there were no significant

differences in the demographic or responses regardless of the city, their responses are combined. The preliminary studies have been conducted since 2005, but without the development of analytical papers. In 2007, an analytical paper on consumer behavior, supply chain management, and customer satisfaction was finalized (Anantadjaya, et al, 2007). Such studies are documented and used as references on this paper.

4.2 Design and Procedures of the Study

All participants were distributed a set of questions concerning the dimensions used to measure psychological contracts. Few preliminary statistical analyses are processed using SPSS (student version).

The reliability analysis on the data indicates that out of 130 (one hundred and thirty) respondents in the studies, about 100% (one hundred percent) of the data are considered valid. The reliability statistics indicate that the data are considered 77% (seventy-seven percent) reliable. Since the descriptive statistics indicate that there are large variations⁸ in terms of the scaling on the original data, a standardization process on scaling is deemed necessary. Standardized Z-scores are used in further analysis.

Table 1. Case Processing Summary

Source: SPSS (student version).

Case Processing Summary			
	N	%	
Cases	Valid	130	100.0
	Excluded ^(a)	0	.0
	Total	130	100.0

^(a) Listwise deletion based on all variables in the procedure.

Table 2. Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.762	.770	25

Source: SPSS (student version).

Based on the studies and the numbers of variables used, the communalities table indicates that the variations on each of the variables appear to be relatively insignificant.

⁸The minimum value is 1, and the maximum value is 5. This follows the Likert 5-scale.

These insignificant amounts of variations are mirrored by KMO and Bartlett's Test indicates an adequacy measurement of only a mere 0.631. This numbers specifies a marginal amount of sampling adequacy. Nevertheless, although the result does not indicate a substantially high adequacy level as expected, this implies that the sampling was adequate for further testing.

Table 3. KMO and Bartlett's Test

Source: SPSS (student version).

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.631
Bartlett's Test of Approx. Chi-Sphericity	Square	897.376
	Df	300
	Sig.	.000

Referring to the communalities table, it appears that only "internal locus of control" and "motivation" do have a rather higher power to provide the explanation toward the formation of group synergy, and thus, the existence of psychological contract among family members in conducting family business activities.

Table 4. Communalities (Modified)

	Extraction
Job Satisfaction	.440
Internal Locus of Control	.541
Involvement	.448
Motivation	.500
Mood/Attitude	.454
Extraction Method: Principal Component Analysis	

Source: SPSS (student version).

The component transformation matrix, however, suggests that the data cannot be reduced into 5 (five) factors, which in essence does not seem to be following the initial expectations to relate to the basic 5 (five) dimensions of psychological contracts; job satisfaction, internal locus of control, involvement, motivation, and mood/attitude. Since the statistical results do not show substantial/acceptable supports on the formation of 5 (five) factors, as described above, the pre-determined connections and influences are not supported as well. This means that statistically, there is no connection and influence of "family members in family business activities", toward "psychological contracts", on the basis of the variables used in this study. Therefore, the following inferences can be drawn;

- Statistically, there is no influence of "job satisfaction" toward "psychological contract", and "family members in family business activities".
- Statistically, there is no influence of "internal locus of control" toward "psychological contract", and "family members in family business activities".
- Statistically, there is no influence of "involvement" toward "psychological contract", and "family members in family business activities".
- Statistically, there is no influence of "motivation" toward "psychological contract", and "family members in business activities".
- Statistically, there is no influence of "mood/attitude" toward "psychological contracts", and "family members in family business activities".
- Since statistically there is no influence of "dimensions of psychological contract" toward "family members in family business activities", it can be inferred as well that statistically there is no influence of "family members" toward "family business activities".

Therefore, as the statistical results fail to provide sufficient basis toward justifying the formation of the expected factors, the data set are incorporated into another approach, using the correlation analysis among variables.

From the correlation table, it is apparent that although the relationships among variables are considerably strong, at the level of both 99% and 95% confidence, except for "motivation", which is significant at the level of 90% confidence, the actual correlations of those relationships are very weak. At the level of confidence of 99%, the highest robustness of relationship is only a mere 31% between "psychological contract" and "internal locus of control".

Table 5. Correlation (Modified)

		Internal Locus of Control	Involvement	Motivation	Mood/Attitude
Job Satisfaction	Pearson Correlation	.305 (^)	.190 (*)	.159	.186 (*)
	Sig (2-tailed)	.000	.030	.071	.034
	Cov	.099	.064	.062	.065
	N	130	130	130	130

- (^): correlation is significant at the 0.01 level (2-tailed)
- (*): correlation is significant at the 0.05 level (2-tailed)

Source: SPSS (student version).

Table 6. Coefficients (Modified)

Model	Standardized Coefficient	Significance
	Beta	
Constant	2.048	.000
Internal Locus of Control	.307	.003
Involvement	.019	.849
Motivation	.056	.592
Mood/Attitude	.195	.051

Source: SPSS (student version).

The statistical results of a multiple regression analysis, as shown in the following table, appear to confirm the previous statistical results. At the level of 95%, the significant variables are; “internal locus of control”, and “mood/attitude”.

Hence, it is safe to conclude that “internal locus of control” appears to be the strongest and most significant variable that brings about influence to the level of psychological contracts among family members. Likewise, the variable “mood/attitude” appears to be the weakest variable that brings about influence to the level of psychological contracts among family members.

5. Conclusion and Recommendation

5.1 Conclusion

The statistical results indicate that psychological contracts among family members do exist when family members show a stronger internal locus of control and a moderate level of mood/attitude toward routine performance on their job descriptions and responsibilities. It is to say that the success (or failure) of the family business activities is contributed by the family

members’ decision to take on their own control on career path. Once family members decide to take on their own success on their career path, about 31% of the time, their decisions are bound by the psychological contract in the family business activities. Similarly, it confers that the success (or failure) of the family business activities is contributed by the family members’ decision to form and shape their mood/attitude toward performing their routine job descriptions and carrying out their responsibilities. Once family members decide to form their own mood/attitude, about 20% of the time, the actual process on forming and shaping mood/attitude is bound by the psychological contract in the family business activities. Interestingly enough, such findings appear to conform to the previous study on business process (Anantadjaya and Nawangwulan, 2006; Nawangwulan, et al, 2006).

Hence, family members stand a chance of a minimum of 70% success rate in performing and/or conducting family business activities away from the family norms and practices.

5.2 Recommendation

Although this study is limited to small and medium service organizations, this study appears to have provided the preliminary foundation on the formation of relationships between family business, and psychological contracts among family members. Further studies can certainly include more variables and measurements to attempt a better formation of psychological contracts among family members. Also, future studies can include a much greater samples outside the service firms, and incorporate bigger firms.

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