

LEADERSHIP AND INNOVATION IN FAMILY BUSINESS

Inggrid Oktavia

Faculty of Business and Economics, International Business Networking
Programme

Supervisor : Drs.ec.Sujoko Efferin, M.Com(Hons), M.A.(Econ),Ph.D and Dr.
Noviaty Kresna Darmasetiawan, S.Psi, M.Si

ABSTRACT

This reasearch is basic research that explores the leadership style in family business and its innovation. Family business as a phenomenon has been a strong topic of conversation at a societal level since the late 1990s, especially in Indonesia. Family businesses are one of the factors that influence Indonesia's economy at this time. Family businesses also become one of a very big role in creating employment. Family business are businesses which are owned, managed, and regulated by one or more family generations or family members, where the values, vision, and mission set by the founder will be strictly maintained (McCrea, 1997; Shams & Bjornberg, 2006 in Erdem & Baser, 2010).

Innovation is the development of a new product or the adoption of a new product or the implementation of a creative idea. This can particularly help in solving problems that can affect the profits of the company, etc. Innovativeness has been linked to proactivity and risk taking. It essentially means to divert from the usual practices and try new ideas and experiment with these ideas. According to Gedajlovic & Carney (2012), innovation is the most important factor in the growth of small family firms. Normally it has been suggested that family firms do not experiment due to financial constraints and the different dynamics of family members. However, recent research has thrashed these assumptions, proving that family firms tend to act more boldly and more often they exhibit bold moves and entrepreneurial innovativeness, especially if they are smaller firms as compared to larger firms. Smaller firms tend to adopt new ideas and technology more quickly as compared to large, well established firms (Zahra, 2005)

While method used by the researcher is qualitative methods by means of interviews, observation, and analysis of documents in order to support validity of the data. The main objects of the research is the managers and director of CV. JT. The scope of this research is leadership style implemented by managers and director in CV. JT and CV. JT innovation.

Keywords:Leadership Style, Innovation, and Family Business