

# HRM ideology of Indonesian Entrepreneurs: Case Study

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# Definition

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Kao, RWY (1995) entrepreneurship is "the process of doing something new (creative) and something different (innovative) for the purpose of creating wealth for the individual and adding value to society."

Kuratko and Hodgetts (1998) defines entrepreneurship as "the one who undertakes to organize, manage, and assume the risks of business."

Drucker (2014): "Entrepreneurship is not just about starting a new business, but also about creating value through new and different ways."

Hisrich, Peters, & Shepherd (2017): "Entrepreneurship is the process of identifying, developing, and managing a business with the aim of creating value through innovation and risk-taking."

# The Role of Entrepreneurship in the Economy

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Entrepreneurship not only affects economic growth through the creation of new businesses but also encourages competitiveness, technology, and sustainability. Studies show that countries with high levels of entrepreneurship tend to experience faster economic growth (Audretsch & Thurik, 2001).

From the perspective of human development, entrepreneurship provides significant opportunities for the manifestation of achievement motivation (Mc Clelland)

In Indonesia, entrepreneurship is increasingly recognized as a solution to tackle unemployment and enhance the nation's competitiveness in the era of globalization. However, the level of entrepreneurship in Indonesia is still relatively low compared to developed countries. (Global Entrepreneurship Monitor, 2022).

# About this Study:

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Aims to provide an overview of the practice of human resource management.

Case study: interview with 4 entrepreneurs, analyzed through thematic analysis.

Expectation: insight for new entrepreneurs by learning from predecessors' experiences

# Interview guide

## **I. Uncovering the Ideology of Human Resource Management**

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### A. Perception Towards Employees

1. How do you view the profile of employees in general?
2. What is your description of an ideal employee?

### B. Leadership

3. How do you lead your employees?
4. What do you do if there is an employee who does not perform their duties properly?

### C. Work Ethic Model

5. How would you describe the work ethic that you have applied so far?

### D. Treatment of Employees

6. What considerations do you take into account when assigning a task to your employees?

# Interview guide (cont.)

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## **II. Human Resource Management Practices Based on the Human Resource Management Ideology Used by Owners**

1. Human Resource Management Planning
2. Recruitment
3. Selection
4. Socialization
5. Training and Development
6. Performance Appraisal
7. Compensation
8. Promotion

# Result

## 1. Subjects Profile

Characteristic	Subject A	Subject B	Subject C	Subject D
Age	54	53	52	45
Education	Master's Degree	Senior High school	Doctoral's degree	Master's Degree
Generation Status	3 <sup>rd</sup> gener.	2 <sup>nd</sup> gener.	2 <sup>nd</sup> gener.	3 <sup>rd</sup> gener
Parent's Job status	education	businessman	businessman	businessman
Job experience	Employee	Employee	Professional	Employee

# I. Uncovering the Ideology of Human Resource Management

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Subject A: had been an employee for 7 years before starting his own business in computers and establishing a computer education business. Therefore, he could feel the ups and downs of being an employee. He sees human resources as the most valuable asset of the company. Another reason is that developing people takes a long time. Humans are complex and unique, everyone is unique, so they must be approached differently. Employee development is needed so that they can accept task delegation. In developing people, there are two choices:

- a. Closely supervising or
- b. Providing motivation so that employees can work well, not needing too much control. The second option is the one the management chose, because in this way all employees will be able to work according to or at least close to their wishes. Therefore, motivation needs to be given. Motivating requires a long time.



# Uncovering the Ideology of Human Resource Management (cont)

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The human resources in subject B's company are mostly not at a high level. The proportion is roughly 20% at the upper level, 50% at the middle level, and 30% at the lower level, such as technicians or manual labourers. According to him, if all employees are smart, then no one can be managed. Frankly, in Indonesia, supply is greater than demand. In fact, there are many graduates applying, so sometimes employees are hired more out of a sense of pity. There are also many graduates willing to be paid less, but these usually have lower academic indexes. For example, like group company X, which collaborates with universities to find graduates with high academic indexes. Subject B also wants to go in that direction later, because at a certain level, expertise is indeed needed.

# Uncovering the Ideology of Human Resource Management (cont)

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Since Subject C is a businessman as well as a professional, staff in his view are an asset. Brain makers are employees, especially considering the type of business pursued, which is design consulting (urban planning, building design). In such service types, professionalism is highly valued. These staff members hold the company's know-how. If all staff could be guided professionally, then all of this could become an asset. This view is different from that of a trader. Even if there are some relationships within the company, there must be innovation and rehabilitation. The competitors of Subject C, namely consultants in general. They are personally skilled, but lack in being brain makers. This means their main job is as lecturers, while their part-time job is as consultants. Therefore, whenever there is a job, they will recruit new staff. Subject C's business is not the same. Consulting is his main job. Therefore, his staff remains consistent, ensuring time and quality are guaranteed.

# Uncovering the Ideology of Human Resource Management (cont.)

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For Subject D, employees are considered company assets. With over 20 years of work experience in general trading, banking, and a position as a commissioner in the banking sector, he started his own business in shrimp and fish farming, importing car spare parts, and tent rentals, which he learned from his parents. He acknowledges that his approach to subordinates is somewhat influenced by his father. In the past, when his father was working in a sawmill, he set an example such as a) all subordinates could meet, b) fostering relationships with all groups, including traders in the market. Coincidentally, there was an uncle who lived near the area, providing an opportunity to visit the traders there. The goals include seeking references and enhancing knowledge in the way they run the business. Personally, he prefers the legal way, considering the various types of people involved in business. His father always taught him to be cautious of everyone.

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## **II. Human Resource Management Practices Based on the Human Resource Management Ideology Used by Owners**

### 1. HR planning

Themes : based on needs, capable and willing, trust, aligned with career planning and workload, professionalism.

### 2. Recruitment

Themes : through media, newspaper advertisements or acquaintances. recommendations from friends or relatives, based on ability, not to disturb the existing system, involves managers from their respective fields, the practice of nepotism can complicate management, , the first things looked are the applicant's background, motivation, and competence.

### 3. Selection

Through interviews, applicants are presented to several related individuals; the process begins with strict criteria, namely being capable and willing, or not capable but willing. In this case training is needed; Achievements depend on talent, interest, and personality or mentality. must have time discipline, good relationships and communication, and have the competencies. should have a bachelor's degree, so they can perform as decision makers, needed independent professionals; the selection has been made through on-the-job training.

### 4. Socialization

The form of coaching can be done simply, for example by coming, sitting, and chatting. Guidance is provided through detailed communication. Lunchtime is used to approach and talk to subordinates. If it is known that something is wrong with the director's decisions, this is usually questioned immediately. If the reasons are not clear, he will be reprimanded, and sanctions will be applied

#### 5. Training & Development

is a necessity, at least employees are given insight; if the person is not capable but willing, then more serious training is needed maximum for 6 months. If unsuccessful, he can be dismissed; conducted in the form of mentoring; Seminar; Bulletins, magazines, and all articles that can enhance knowledge in related fields; A portion of the salary cost is allocated for education and training expenses, professionalism.

#### 6. Performance appraisal

What important is that there is a standard for measurement, not just like and dislike; overall evaluation is based on selection criteria; the company has implemented ISO, tasks become very clear, as well as the benchmarks used and the evaluations; once in a year; every 6 months; from supervisors, peer group; . In the marketing field, an employee is considered good if: a) There are no complaints from debtors; b) If the submitted proposal is indeed feasible; c) The assessment of the customer's cash flow is good (like credit analysis).

#### 7. Compensation

Financial report is presented, ensuring that an open or transparent system is applied; A 10% bonus at the end of the year is usually determined by contribution or individual performance; important if there is a basis for calculation; Trust and honesty is the main requirements; punctuality; High-achieving employees, besides receiving money, also receive praise; If an employee is assessed as excellent, a specialist, and has good workability, that employee will be given company shares. Every employee receives an annual bonus and project bonus.

#### 8. Promotion

Compensation is linked to promotional positions; The criteria for promotion are trust, having leadership skill; trust and ability; professionalism; achievement and contribution.

# References

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