



Review Article

Dynamics of Human Resource Management in Livestock Sector Family Business Development in Malang, East Java

Indira Oktavianti^{1*}, Landreas Utama Lie², Sopiah Sopiah³, Ludi Wishnu Wardana⁴

¹ Universitas Negeri Malang, Indonesia, Indonesia, email: indira.oktavianti.2404139@students.um.ac.id

² Universitas Negeri Malang, Indonesia, Indonesia, email: landreas.utama.2404139@students.um.ac.id

³ Universitas Negeri Malang, Indonesia, Indonesia, email: sopiah.fe@um.ac.id

⁴ Universitas Negeri Malang, Indonesia, Indonesia, email: ludi.wishnu.fe@um.ac.id

* Corresponding Author: Indira Oktavianti

Abstract: This study aims to comprehensively explore the dynamics of human resource management (HRM) to develop family businesses in Bantur sub-district, Malang Regency, East Java. Identify the challenges and strategies used in managing human resources in the family business partnership model. This research method uses a qualitative approach by understanding the phenomenon in depth related to the object of research. The results of this study indicate that there is a Human resource management (HRM) in family businesses in the Hong Kong caterpillar cultivation sector in Bantur sub-district, Malang district based on trust in employees, with attention to ethics-based conflict management. This research provides a new contribution regarding in-depth exploration of the dynamics of HRM in micro, small, and medium scale enterprises (MSMEs) in the livestock sector, which has not been widely researched, especially in the context of Human Resource Management (HRM). The practice of HRM using a qualitative approach in a family business with a partnership model produces a deep and complex understanding of its relationship with family values, business structure, and resource management on an MSME scale.

Keywords: Family Business, HR Management, Strategic HR Management (SHRM), MSMEs.

1. Introduction

Hongkong caterpillar farming is one business that has the potential to develop a sustainable business. Hongkong caterpillars are a type of insect that is high in protein, has a fast life cycle and can be cultivated in limited space with a variety of dry but cool media. In recent years, insects have been highlighted in global trends as alternative sustainable food sources and new business opportunities. One of the most prominent trends is the growing interest in entomophagy (human consumption of insects) and the development of insect farming for animal feed and food industries (FAO. 2013).

Several previous studies are relevant to the trend of developing sustainable food sources and new business opportunities in the livestock sector (Chia S. et. al., 2019; Sogari G et. al., 2023; and Vesterlund M, Borosiva S, Emillson e., 2024). Indonesia as a tropical country has a very high insect biodiversity. One of them is the Hongkong caterpillar (*Tenebrio molitor*) which has been known as bird, fish, and reptile feed. However, along with the growing global trend that recognizes insects as a future source of protein, the cultivation of hongkong caterpillars now has greater opportunities. Bantur, Malang Regency, East Java, is a beautiful rural area with people who are quite familiar with agriculture and animal husbandry.

Hongkong caterpillar farming is one of the family businesses that can be a solution for local residents, especially in driving the economy. This business is considered to provide many benefits for the family, up to the empowerment of the local community. The business strategy in the cultivation of Hong Kong caterpillars by this family business uses a partnership model, where the Owner/owner is also the supplier and is responsible for the distribution of the

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harvest. Challenges are often faced such as limited resources, market access, and adaptability to digital technology.

This research seeks to explore the comprehensive phenomenon of partnership in family businesses from the perspective of the actors, focusing on their lived experiences in managing the business and partnership relationships. This approach is important to uncover in-depth aspects that cannot be measured quantitatively, but have a major impact that is part of achieving the vision and mission of the business that has been run.

This research aims to explore meaning through subjective experiences ranging from owners, farmers/partners, and employees. In running a business using a partnership model. Identifying patterns of interaction by the owner and family members that influence the success of the business, understanding perceptions related to the values formed in business management, especially when facing challenges and opportunities that arise. Through a holistic understanding, related to family businesses that play a role using the partnership model and its impact on business sustainability.

2. Literature Review

Grand Theory

The grand theory used in the strategic approach to HRM tasks refers to theories that have a strong managerial foundation for organizational development. One of the main theories used is HR Strategy & Planning (Mathis & Jackson, 2020). This theory states that strategic HR management links HR plans and organizational strategies to ensure that HR contributes to achieving organizational goals. The strategic approach to HR Management requires organizations to develop policies and work assignments consistent with the direction of the business to be achieved. Thus, every HRM assignment, whether in the form of training, placement, job rotation, or performance management must be designed to strengthen the organization's strategic position.

Resource-based view theory (Barney, 1991) that an organization's competitive advantage can be achieved through the management of unique, valuable, and inimitable resources. In the context of HRM, employees are considered as one of the main aspects in achieving the vision and mission of the organization. So that strategic HRM assignments aim to develop, place, and retain HR as the core resource of the organization. The strategic approach in HRM assignment is designed to build sustainable internal capabilities, where the quality of HR that is appropriate for placement can be the foundation for the organization in creating competitive advantage. Next, the Human Resource Theory initiated by Gary S. Becker (1964) highlights that Human Resources is the same as a useful investment in increasing the productivity and income of both individuals and organizations. This theory views that employees are not just ordinary labor, but productive capital of the organization that can be improved through education, training, and other competency development tailored to the needs and potential of these employees.

Based on the thoughts of Wright & McMahan (1992), this theory explains that strategic HR management can improve organizational performance by aligning HR practices with business goals. In this study, SHRM theory can explain how HR governance strategies contribute to the efficiency and productivity of Hongkong caterpillar MSMEs.

The Concept of HR Management in MSMEs

Human resource management refers to the strategies used by an organization to achieve its predetermined goals effectively and efficiently (Mathis & Jackson, 2011). In the context of Micro, Small and Medium Scale Enterprises (MSMEs), HR management plays a very important role for MSMEs in maintaining and developing their business, although they are often faced with the complexity of challenges and various limitations such as limited resources, market access, and flexibility of organizational structures that often do not reach standardization (Farida, 2023).

Family businesses as part of the MSME ecosystem have special characteristics in managing their human resources. This is because the relationship between families, the combination of values that have been passed down from generation to generation, and the decision-making process are determining factors for the success of MSME actors in managing their human resources (Malik, Budhwar, & Srikanth, 2020).

HR Management in the context of Micro, Small and Medium Enterprises (MSMEs) Strategic Approach to HR Management

HR Management plays an important role in the context of MSMEs, especially family businesses in the Hong Kong caterpillar farming sector, which has its own uniqueness. This is related to the scale of the business, as well as the flexibility of the organizational structure and the implementation of work relationships that tend to be informal. HR management helps MSME actors to increase productivity through efficiency and effectiveness through existing resources, training and development of management performance, which in turn can have a positive impact on MSMEs to compete in a wider market.

Value-based HR management in the context of MSMEs helps manage employees that support innovation and adaptability to changes in the rapidly evolving business environment. By utilizing a skilled workforce, MSMEs can create superior and sustainable product or service innovations. The strategic approach to HR management is integrated into HR management towards achieving the vision and mission of the organization optimally, including planning, empowering competent HR, utilizing HRM technology, and continuous work evaluation and development. Thus, this strategic approach is able to become a solution for MSMEs to survive and develop business capabilities that are oriented towards innovation and develop in the midst of increasingly fierce global competition.

3. Proposed Method

This research uses a qualitative method with a descriptive approach to examine more deeply the management of human resources in MSMEs in the livestock sector from family businesses with a partnership model in an effort to increase the growth of the business being run. Qualitative research explores and understands phenomena comprehensively by involving participants who include behavior, perspectives, motivations, and habits that have the potential to impact the implementation of HR management (Yulianah, 2022). The data obtained are primary data from in-depth interviews, observations in the field, and secondary data through document analysis related to the research objectives. This method allows researchers to investigate the dynamics in the management of family MSMEs in the agricultural sector with a partnership model, so as to provide a comprehensive picture to formulate efficiency strategies in an effort to develop sustainable businesses. The results of the data that have been collected are then subjected to data reduction focusing on the dynamics of HR management.

4. Results and Discussion

A Strategic Approach to HRM in Livestock Sector MSMEs

Human Resource Management (HRM) principles prioritize sustainability as a fundamental basis, where it plays an important role in terms of performance improvement for the achievement of organizational goals. This idea includes the minimization of adverse impacts on stakeholders, as well as efforts to optimize organizational results while still considering sustainability factors (Ehnert et al, 2013).

At the situation analysis stage, MSME players begin to identify business management strategies by emphasizing the vision, mission, and main objectives of their business, where HR management becomes an important aspect to directly contribute to organizational achievement. The right HR management strategy in line with organizational culture can increase overall business growth, especially in Micro, Small and Medium scale businesses in the livestock sector (Pratiwi et. al., 2023). Business actors can use a discussion approach related to improving employee skills through several trainings tailored to their needs so that business growth can be optimized. The process of taking a strategic approach in HR management starts from the process of situation analysis, strategic planning, strategy implementation, evaluation and monitoring. The second stage is the analysis of the internal and external environment of the organization, using Strength, Weakness, Opportunity, Threat (SWOT) analysis. SWOT analysis is the process of identifying internal and external factors that can affect the successful achievement of organizational goals. The SWOT function in HRM strategic planning can help HR in understanding the organization's strategic position in the context of HR management (Wheelen & Hunger, 2012).

The strategic planning process is one of the important stages to align the roles and functions of human resources with the goals of the overall organizational strategy. The importance of strategic HR planning in a business-based HRM framework, which aims to ensure that HR planning becomes an integral part of the organization's strategy (Armstrong, 2020). The next stage is the implementation of strategic planning that has been designed previously can run systematically and have an impact on organizational growth. The focus on implementing HR strategies involves developing and implementing policies and practices designed to achieve strategic goals, such as training and development, talent management, and employee engagement (Armstrong, 2020: 108). Once the entire strategy is in place, it is important for businesses to conduct regular monitoring and evaluation to ensure that organizational goals are achieved effectively and efficiently.

HR Management in Family Business in the Livestock Sector

Family business is closely related to emotional closeness by family members when running a business. So that the work culture created is often more flexible, simple in making managerial decisions, and has a deeper level of trust between members. This is considered positive when each member is able to carry out each work role and responsibility functionally, upholding commitment and loyalty focused on one goal, namely business growth and development. However, it is possible that family businesses often face various challenges including limited technical skills, resource management, structural role conflicts that can affect business stability and human resource performance within the organization.

Family businesses in the livestock sector require each member in the organization to be more adaptive in filling role vacancies, while one of the inhibiting factors of smooth operations in this business is limited resources (Ermawati et.al., 2023). The existence of a regular discussion group-based training system that can periodically help employees and all members is a solution that is presented to overcome the limitations that arise.

Dynamics of Human Resource Management in Family Business Development in the Livestock Sector

Human resource management in family businesses in the Hong Kong caterpillar farming sector in Bantur sub-district, Malang district is based on trust in employees, where the business owner and supplier uses a partnership model with family members who are both farmers and employees of this business. They are given convenience in the fulfillment of feed using a payment system through cutting the harvest. All management activities ranging from recruitment, training, development, performance evaluation to the provision of rewards and health benefits are influenced by social attachment by taking into account conditions and situations. In the decision-making process, business owners play a functional role. The division of tasks and responsibilities is based on work experience and trust and is informal. So that when implementing work, it is hoped that there will be no boundaries between employees and business owners. This is so that if there are obstacles, both technical and non-technical, each employee is open to focus on solutions. Thus, employees feel involved in the process of business growth in their workplace so that employee loyalty also increases.

Trust-based business management cannot be separated from various challenges in the limited managerial literacy of business management, considering that the administrative system is still carried out manually in recording attendance, and wages, so that it is considered to give rise to imbalances in perceptions from employees which can cause conflicts within the organization. In addition, the implementation of administrative work is less efficient in terms of time and energy. Unwritten performance appraisals can lead to bias, which in turn can make it difficult for businesses to effectively evaluate business development strategies.

However, these dynamics can be minimized through an ethics-based approach, where business owners consistently implement the values of openness, mutual cooperation, and discussion through regular meetings. This approach creates a dialogue that is considered effective in managing organizational conflict and is able to create strong working relationships.

Discussion

The dynamics of family business management in the farming sector of Hong Kong caterpillar cultivation in Bantur, Malang Regency has a strong interaction in terms of trust-based social structure and managerial practices that are implemented informally but still pay attention to ethical values. The findings of this study support the strategic human resource theory (SHRM) which states that the competitive advantage of an organization lies in the management of human resources as a strategic asset, (Wright & McMahan, 1992) including in the context of micro, small, and medium scale businesses. Human resource management that tends to be flexible and informal allows for rapid adaptation in the face of internal and

external organizational challenges, such as fluctuations in feed and food prices, physical conditions of the cages on the quality of Hong Kong caterpillars, and limited manpower. Decision-making related to the division of tasks and work responsibilities as well as the profit-sharing system is based on personal relationships, experience, and ethical values maintained by the business owner.

However, the limitations of the formal structure are also a challenge, as the unavailability of written SOPs, codes of conduct, work contracts and targets has the potential to hamper organizational effectiveness in the long run. The existence of strategic HR management tailored to the needs of the organization requires systematic managerial integration so that the vision and mission of the organization can be achieved more optimally. The dynamics of human resource management in the livestock sector in Hong Kong caterpillar cultivation integrates a combination of traditional value-based approaches and the need for managerial professionalism, so that it has opportunities and challenges for MSMEs to have competitive and sustainable competitiveness.

5. Conclusions

This study concludes that family businesses in the livestock sector of Hong Kong caterpillar cultivation have quite complex dynamics, especially in the management of human resources which still runs informally but upholds strong ethical and family values such as trust, openness, and mutual cooperation. Managerial practices run by business owners are able to create stability, work loyalty and harmonious working relationships. This dynamic reflects the strength of local social and culture in supporting the sustainability of family businesses, while also showing challenges in the aspects of HR professionalization, fair division of roles, and effective conflict management. The ethical values practiced by business owners are the main foundation in overcoming latent conflicts and maintaining work harmony.

The development of family businesses in the Hong Kong caterpillar farming sector depends on the ability of business actors to combine family values, and openness to innovation in resource management so that the businesses run have a considerable impact on the sustainability of highly competitive businesses against changes in today's highly dynamic business environment.

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