



# MANAGING THE PERFORMANCE OF FAMILY AND NONFAMILY EMPLOYEES THROUGH FAIR POLICIES AND COMPENSATION

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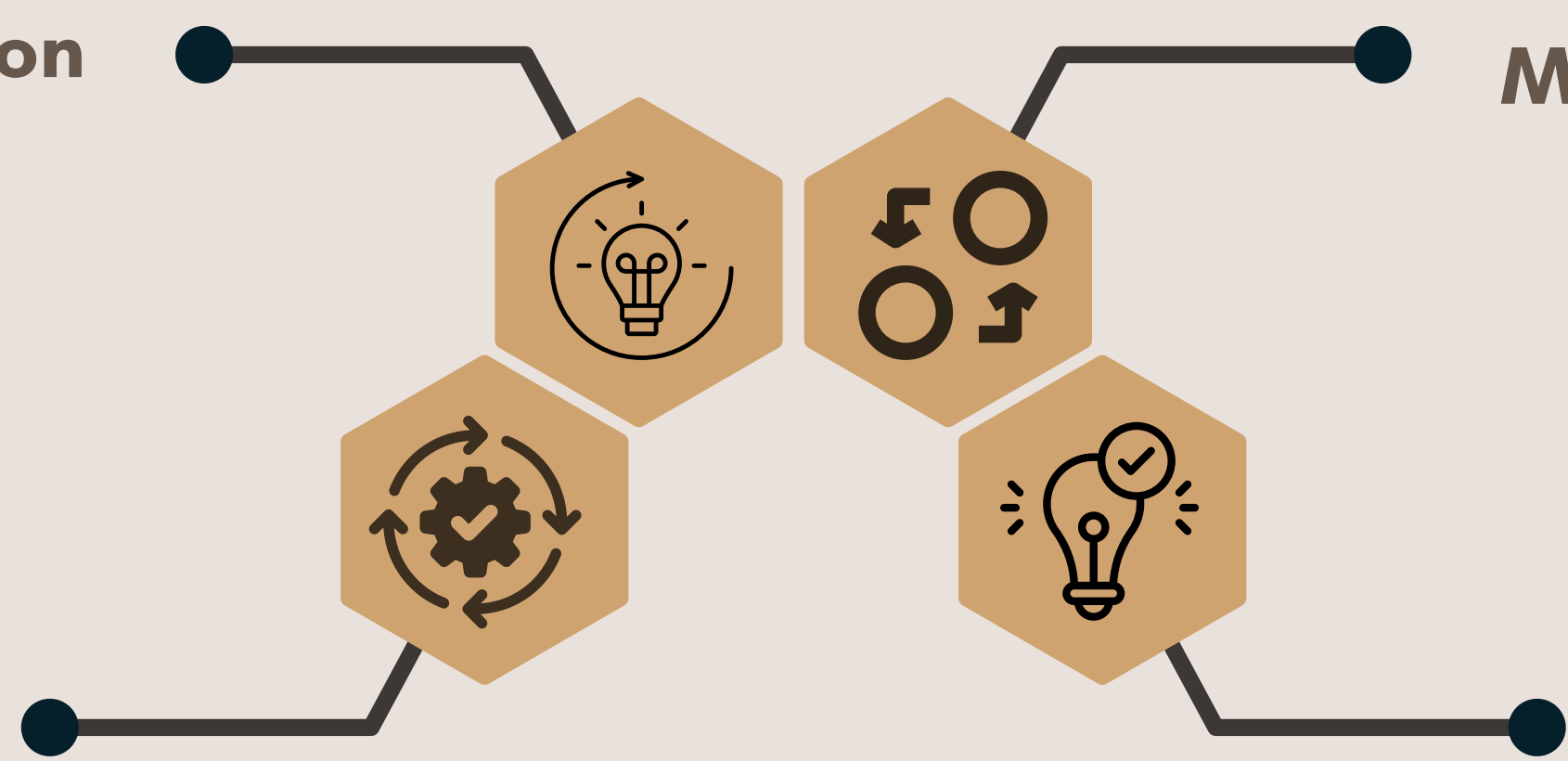
## OVERVIEW OF TALK

Introduction

Method

Result &  
Discussion

Conclusion



# ABSTRACT

## KEY FINDINGS

Systematic review of 18 articles (2017-2025) shows distributive and procedural justice boost nonfamily employees' motivation/satisfaction, while family employees prioritize loyalty and socioemotional wealth (SEW).

## RECOMMENDATIONS

Implement performance-based compensation and transparent evaluations to reduce conflict and enhance commitment.

## KEY POINTS AND OBJECTIVES

Family business; fair compensation; organizational justice; employee performance.



# INTRODUCTION

## FAMILY BUSINESS CONTEXT

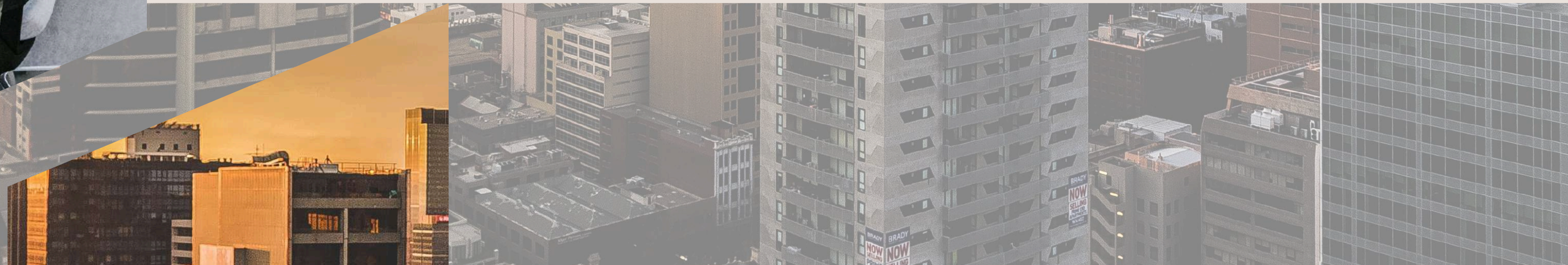
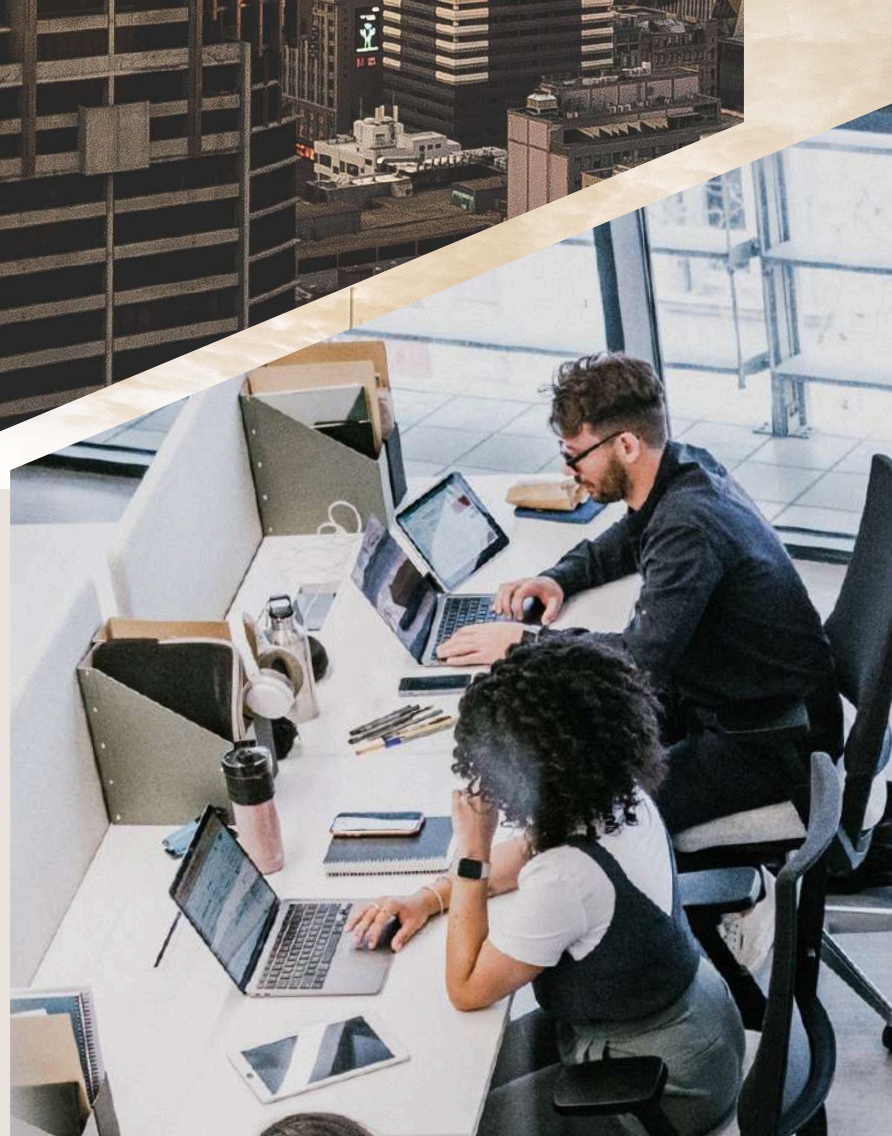
Family businesses drive economic growth in Indonesia, with unique HR challenges in managing family vs. nonfamily employees.

SEW influences treatment; distributive/procedural justice affects performance (Hsueh et al., 2023; Davila et al., 2024).

Ethics tied to family values (Hadjielias & Discua Cruz, 2025).

# CHALLENGES FOR NONFAMILY EMPLOYEES

- Perceptions of unfairness in compensation/decision-making reduce motivation/productivity (Hsueh et al., 2023).
- Absence of fair policies increases dissatisfaction/turnover (Haynie & Franco-Watkins, 2024).
- Procedural justice boosts engagement/inclusion (Razzak et al., 2022).
- Fairness aligns SEW with performance (Samara & Paul, 2019).



# CULTURAL AND BIAS ISSUES

- Indonesian context: Collectivism and hierarchy complicate fairness.
- Bifurcation bias favors family, harming performance (Daspit, 2017).
- Need for transparent, merit-based policies to build trust.



# METHOD

Systematic Literature Review (SLR) of 18 articles from Scopus, ScienceDirect, etc. (2017-2025).

Thematic analysis on HR justice and compensation in family businesses.

# RESULTS

## TRUST AND FAIRNESS

- Ethical orientation varies; fair policies enhance trust/loyalty (Davila et al., 2024; Kragl et al., 2023).
- Transparency in appraisals boosts nonfamily motivation (Razzak et al., 2022; Zheng et al., 2021).
- Distributive/procedural justice key for nonfamily; SEW for family (Hsueh et al., 2023).

## HR SYSTEMS & PERFORMANCE

- Performance-based pay reduces favoritism, boosts commitment (Marler et al., 2018).
- Fair policies foster innovation/trust (Chrisman et al., 2015).
- Combine incentives for nonfamily with SEW recognition (Kidwell, 2025).

## EQUITY AND OUTCOMES

- Avoid utilitarian-only fairness; equal monitoring/compensation improves satisfaction (Samara & Paul, 2018; Madison et al., 2018).
- Fair rewards enhance belongingness (Pimentel, 2018; Zhang et al., 2021).
- Justice creates productive environment, minimizes conflicts.



# CONCLUSION

This study concludes that the implementation of fair compensation policies and systems is key to improving employee performance and commitment in family businesses. Distributive and procedural justice have been shown to play an important role in strengthening the motivation, satisfaction, and loyalty of non-family employees who are more sensitive to favouritism, while family employees are more influenced by loyalty and socioemotional wealth. The professionalisation of HR systems through performance-based evaluations, proportional compensation, and a culture of fairness and inclusion has been shown to reduce internal conflict, strengthen trust, and create a balance between economic and non-economic values within organisations (Razzak et al., 2022; Kragl et al., 2023). Going forward, further research is recommended to explore models of integrating *socioemotional wealth* values with modern meritocracy systems to strengthen the sustainability and competitiveness of family businesses in the global era.

# OUR BEST TEAM MEMBERS



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