Published online on the journal's web page: http://jurnal.usahid.ac.id/index.php/jamr

eISSN: 2797-2917

Journal of Applied Management Research

Relationship Between Family Influence, Job Satisfaction, and Organizational Commitment of Non-Family Employees: HR Practices as a Mediating Variable

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ARTICLE INFO

Received: 14 April 2025
Revised: 13 May 2025
Accepted: 2 June 2025

Keywords:

Family Influence, HR Practices, Job Satisfaction, Organizational Commitment, Non-Family Employees

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ABSTRACT

This study examines how family influence affects HR practices and how these practices, in turn, impact job satisfaction and organizational commitment among non-family employees in family-owned SMEs. The research focuses on 50 SMEs within the Universitas Ciputra Family Business Community, involving 100 non-family employees who have worked in their respective companies for at least three years. These employees represent small- and medium-sized businesses, selected purposefully to ensure relevant insights. Data was gathered through a structured questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the SmartPLS software (version 3.2.8). The model considers family influence—expressed through power, experience, and cultural values—as the key independent factor, while HR practices, job satisfaction, and organizational commitment serve as the core outcomes. The findings reveal that family influence has a significant impact on HR practices, which in turn have a substantial effect on both job satisfaction and organizational commitment. Furthermore, job satisfaction itself plays a crucial role in shaping employees' commitment to the organization. The analysis also confirms that HR practices and job satisfaction act as essential mediators in these relationships. All hypotheses were supported, reinforcing the model and offering valuable insights for strengthening HR strategies in family-run businesses.

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1. INTRODUCTION

Family businesses play a pivotal role in sustaining national economic resilience. Their contributions extend beyond wealth generation to include job creation, enhanced liquidity, and the development of a stable entrepreneurial ecosystem (Sinha & Govindaraj, 2020). An analysis by the BCG Henderson Institute, based on S&P Capital IQ data from January 2020, highlighted the importance of formal, structured family-owned enterprises in Indonesia. These businesses account for 44 percent of all registered firms, nearly half of which operate in the manufacturing sector, and collectively generate an estimated $100 billion in annual revenue, equivalent to approximately 10 percent of the country's GDP.

The longevity and sustainability of family firms are not solely the result of family leadership, but also hinge on the contributions of both family and non-family employees. According to the 2018 PwC Family Business Survey, which involved 54 Indonesian family firms, attracting and retaining high-quality talent from both groups remains a strategic priority. In fact, 89 percent of Indonesian respondents (compared to a global average of 87 percent) emphasized the importance of maintaining talent as key to achieving both personal and business objectives (PwC, 2018). This focus stems from the recognition that high turnover rates pose significant risks to growth. Findings from Zenefits (Spencer, 2019) suggest that turnover disrupts the delivery of customer service, reduces productivity, and incurs substantial replacement costs for small and medium-sized firms.

DOI: http://dx.doi.org/10.36441/jamr

To address these challenges, implementing strategic Human Resource (HR) practices is crucial. Studies have consistently shown that well-structured HR systems are positively correlated with enhanced job satisfaction and more substantial organizational commitment, both of which serve as key deterrents to turnover intention (Azeez et al., 2016; Bisharat et al., 2016; Ke & Deng, 2018). Satisfied employees are more inclined to remain loyal to their organizations and contribute meaningfully to business outcomes (Othman et al., 2018; Park & Doo, 2020). Nevertheless, the operationalization of formal HR systems is often more complex in small and medium-sized enterprises (SMEs), where informal practices and resource constraints prevail (Nyamubarwa & Chipunza, 2019). The distinct nature of HR implementation in SMEs often results in diverse outcomes compared to larger firms. However, research confirms that tailored HR approaches in SMEs can still have a significant impact on employee satisfaction and commitment (Lai et al., 2017).

In the context of family-run businesses, these HR dynamics take on an additional layer of complexity. The intersection between familial control and business strategy yields HR practices that differ significantly from those in non-family firms (Combs et al., 2018; Samara & Arenas, 2017). The extent of family influence can shape not only the structure of HR initiatives but also the psychological environment in which non-family employees operate. Such influence has been found to affect both job satisfaction substantially (Mustafa et al., 2018) and organizational commitment (Neckebrouck et al., 2017). Within this framework, HR practices function as a conduit through which family influence and organizational culture are transmitted to employees. Without a formalized HR system, these cultural values may not effectively reach non-family members, thereby weakening job satisfaction and engagement (Park & Doo, 2020). In essence, HR practices serve as the operational mechanism that channels family-driven cultural values into concrete behavioral and attitudinal outcomes. However, the dual complexity of family involvement and SME scale presents notable challenges in achieving this alignment (Mustafa et al., 2018).

Many family-owned SMEs, particularly within the Universitas Ciputra Family Business Community, exhibit recurring patterns in how non-family employees perceive their place within the organization. While these enterprises typically prioritize sustainability and growth, their operations are often guided by informal structures, especially in human resource management. Consequently, non-family employees may encounter unclear expectations, limited opportunities for development, and inconsistent recognition of their contributions. These issues are rarely deliberate but reflect the strong influence of familial authority in everyday decision-making. Over time, such dynamics can affect the motivation, satisfaction, and commitment of employees outside the family circle. This study, therefore, emerges from this context to explore how family influence informs HR practices, and how these practices, in turn, shape job satisfaction and organizational commitment among non-family employees.

In Indonesia, the elements of family influence—power, experience, and culture (F-PEC)—manifest uniquely in the daily operations of family-owned SMEs. "Power" is often concentrated in the hands of founders or family heads who act as both strategic leaders and operational overseers, making most HR decisions unilaterally. For instance, it is common for senior family members to hire based on familial trust or loyalty rather than formal qualification, reinforcing centralized authority (Utami & Hakim, 2023). "Experience" in these firms is typically passed down informally, often through mentoring by elders rather than structured training, resulting in tacit knowledge transfer but little professional development for non-family employees (Wibowo & Prasetyo, 2021). "Culture," the most pervasive aspect, reflects collectivist and paternalistic values rooted in Javanese and broader Indonesian traditions, where harmony, respect for hierarchy, and long-term loyalty are emphasized over performance metrics (Suryanto et al., 2022; Hadiyanto & Soewarno, 2020). A real-world illustration is evident in East Javanese batik-producing family businesses, where employment practices adhere to customary kinship norms, and non-family staff are expected to conform to family rituals and moral codes. These informal, family-centered HR practices often result in inconsistent experiences for non-family employees, underlining the need for more structured and equitable HR systems to balance tradition with professionalism (Wijaya et al., 2022).

This research aims to investigate the impact of family influence on HR practices and how these practices affect the attitudes and behaviors of non-family employees in family-owned SMEs. It focuses on three dimensions of family influence—power, experience, and cultural values—and how they are translated into HR mechanisms that govern employee experience. The ultimate goal is to provide insights into the role of professional HR practices in enhancing employee engagement, fairness, and retention in family-owned businesses.

2. RESEARCH METHOD

The target population for this study comprises non-family employees currently working within family-owned small and medium enterprises (SMEs) affiliated with the Universitas Ciputra Family Business Community. Based on the classification provided by Badan Pusat Statistik (BPS, 2021), small enterprises employ between 5 and 19 individuals, while medium enterprises consist of 20 to 99 employees. In this context, participant characteristics may vary by age, marital status, length of employment, tenure, and educational background. Supplementary business-related information, such as company location, industry type, firm age, generational leadership, and employee count, will be obtained from family business owners or successors. The existence of a formal Human Resources (HR) department will also be considered, as it serves as a potentially influential factor in interpreting HR-related dynamics and outcomes.

Given the scale of the population, a complete enumeration is impractical. Therefore, this study adopts purposive sampling—a non-probability sampling technique—where participants are deliberately selected based on specific criteria relevant to the research objectives (Majid, 2018; Taherdoost, 2016). Purposive sampling ensures access to information-rich respondents who can provide insights unattainable from the general population. According to guidance from SmartPLS software, a minimum sample size of 30 to 100 is recommended for structural equation modeling using the PLS-SEM technique. This study includes 100 non-family employees from 50 family-owned SMEs, all of whom meet the following inclusion criteria: (1) currently employed in a family business affiliated with the UC Family Business Community, (2) not related by blood to the owning family, and (3) possess a minimum of three years of work experience within the business. Data analysis will be conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS version 3.2.8, allowing for examination of both direct and indirect relationships among the variables. All survey items will be assessed using a five-point Likert scale, ranging from 1 (“strongly disagree”) to 5 (“strongly agree”), reflecting the degree to which respondents agree with each statement (Beglar & Nemoto, 2014). This approach enables the nuanced measurement of perceptions across various constructs, including HR practices, job satisfaction, and organizational commitment.

Family firms are characterized by the significant involvement of family members in governance and management, often with an emphasis on maintaining generational continuity. This deep-rooted commitment creates organizations where the lines between business strategy and family legacy are closely intertwined. According to Gorovaia and Pfahnl (2024), such firms benefit from a form of social capital known as “familiness”—a bundle of resources, including trust, loyalty, and shared values, that distinguishes them from non-family businesses. Moreover, Hadjielias et al. (2025) argue that the degree of family involvement—whether in ownership or decision-making—plays a critical role in shaping organizational structures and culture. To frame these relationships, this study adopts the Resource-Based View (RBV), Social Exchange Theory (SET), and Affective Events Theory (AET) to explain the mechanisms through which family influence affects HR practices and, consequently, employee attitudes.

The unique interplay between family values and HR policies presents both opportunities and risks. While family involvement may create a cohesive workplace culture, it does not inherently lead to fair or consistent HR outcomes. How that influence is structured—formally or informally—determines whether non-family employees perceive the system as equitable. Recent evidence shows that when HR systems are formalized and aligned with organizational values, they enhance perceptions of fairness and trust (Mondejar & Asio, 2022; Tyagi & Agarwal, 2025). Conversely, informal and family-centric practices may result in perceived favoritism or exclusion. Hence, structured HR frameworks can serve as a balancing mechanism, aligning family influence with employee expectations.

DOI: http://dx.doi.org/10.36441/jamr

H1: Family influence is positively associated with the fairness of HR practices in family-owned firms.
Comprehensive HR practices—such as fair recruitment, performance evaluation, and professional development—play a key role in boosting job satisfaction. When these systems align with employees' expectations, they foster a positive work environment and increase motivation. Studies in education and the public sectors confirm that structured HR practices significantly enhance job satisfaction (Mondejar & Asio, 2022; Mamaki & Pazarskis, 2025).

H2: HR practices are positively associated with job satisfaction.
HR practices can also function as a critical link between family influence and organizational commitment. When employees—especially non-family ones—feel included and supported by fair HR systems, their attachment to the organization strengthens. Recent research confirms this connection, with studies by Tyagi and Agarwal (2025) and Ke and Deng (2018) demonstrating that inclusive HR policies enhance employee engagement and loyalty.

H3: HR practices are positively associated with organizational commitment.
Job satisfaction, in turn, serves as a robust predictor of organizational commitment. When individuals feel fulfilled and acknowledged in their roles, they tend to invest more emotionally in the organization. Studies in healthcare and law enforcement have confirmed that job satisfaction correlates with a more substantial commitment and performance (Wang et al., 2022; Moshabi et al., 2024).

H4: Job satisfaction is positively related to organizational commitment.
Moreover, HR practices function as a conduit through which family values influence employee satisfaction. Formalized and inclusive HR systems ensure that the cultural aspects of family influence translate into positive experiences for all staff. Baiza et al. (2024) and Ke and Deng (2018) found that HR practices mitigating work-life conflict significantly improve job satisfaction.

H5: HR practices mediate the relationship between family influence and job satisfaction.
When applied fairly and consistently, HR practices can also bridge family influence with organizational commitment. Ke and Deng (2018) suggest that equitable HR systems reduce perceptions of favoritism, especially in family-dominated environments, and foster organizational trust among non-family employees.

H6: HR practices mediate the relationship between family influence and organizational commitment.
Job satisfaction also acts as a mediating factor, linking HR practices to employee commitment. As employees experience higher satisfaction, they form deeper emotional connections to the organization, reinforcing long-term engagement (Abdullah et al., 2021; Salem & Khalifa, 2020).

H7: Job satisfaction mediates the relationship between HR practices and organizational commitment.
This study integrates frameworks and findings from Park & Doo (2020), Mustafa et al. (2018), and the foundational model, synthesizing them to develop a more contextually relevant model suited for the UC Family Business Community.

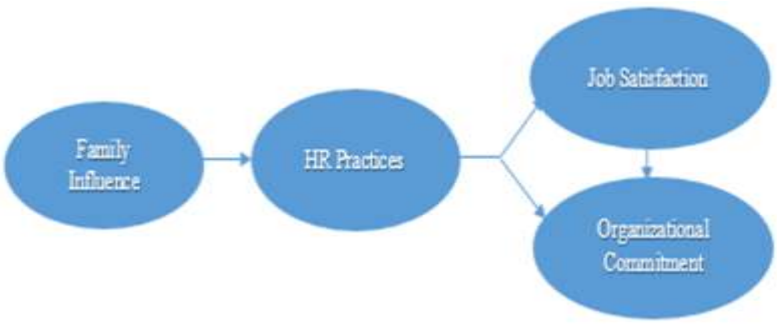

Figure 1. Model Analysis

DOI: http://dx.doi.org/10.36441/jamr

3. RESULTS AND DISCUSSIONS

3.1. Result

The loading factor above 0.5 and the t-statistic greater than 1.96 indicate convergent validity. A p-value less ≤ 0.05 can be an alternative to confirm convergent validity. Fulfillment of convergent validity criteria means the indicators can be used (or are valid) to measure the constructs. The AVE test is another tool used to check convergent validity. Based on Table 1, it can be observed that the AVE value of all variables exceeds 0.5. It can be inferred that the estimated model fulfils the convergent validity criteria. Based on Table 1, the cross-loading value demonstrates good discriminant validity, as the correlation between indicators and their construct is higher than the correlation between indicators and other constructs.

Table 1. CFA, Factor Loading, Cronbach's Alpha, CR, and AVE

Construct		Original Sample	t-Statistic	*p*-Value	Factor Loading	Cronbach's Alpha	CR	AVE
Family Influence	FI01	0.854	19.039	0.000	0.854	0.903	0.926	0.676
	FI02	0.757	13.637	0.000	0.757			
	FI03	0.859	28.075	0.000	0.859			
	FI04	0.836	23.367	0.000	0.836			
	FI05	0.745	16.784	0.000	0.745			
	FI06	0.871	31.153	0.000	0.871			
HR Practices	HP01	0.856	33.284	0.000	0.856	0.946	0.954	0.674
	HP02	0.807	22.278	0.000	0.807			
	HP03	0.849	30.397	0.000	0.849			
	HP04	0.827	23.303	0.000	0.827			
	HP05	0.810	22.238	0.000	0.810			
	HP06	0.814	24.655	0.000	0.814			
	HP07	0.887	38.476	0.000	0.887			
	HP08	0.817	19.512	0.000	0.817			
	HP09	0.822	27.183	0.000	0.822			
	HP10	0.711	10.315	0.000	0.711			
Job Satisfaction	JS01	0.835	24.953	0.000	0.835	0.952	0.958	0.656
	JS02	0.811	21.356	0.000	0.811			
	JS03	0.755	14.393	0.000	0.755			
	JS04	0.735	18.159	0.000	0.735			
	JS05	0.846	26.514	0.000	0.846			
	JS06	0.831	23.657	0.000	0.831			
	JS07	0.748	9.634	0.000	0.748			
	JS08	0.800	19.872	0.000	0.800			
	JS09	0.830	23.973	0.000	0.830			
	JS10	0.805	20.768	0.000	0.805			
	JS11	0.848	26.946	0.000	0.848			
	JS12	0.865	31.896	0.000	0.865			
Organizational Commitment	OC01	0.867	37.086	0.000	0.867	0.923	0.940	0.723
	OC02	0.823	26.421	0.000	0.823			
	OC03	0.848	30.626	0.000	0.848			
	OC04	0.804	14.637	0.000	0.804			
	OC05	0.899	51.171	0.000	0.899			
	OC06	0.857	34.359	0.000	0.857			

Table 2. Fornell-Lacker for Discriminant Validity

	FI	HP	JS	OC
FI	0.822			
HP	0.695	0.821		
JS	0.068	0.376	0.810	
OC	0.342	0.573	0.720	0.850

If the square root value of AVE is bigger than the correlation between constructs, it can be said that the model has fulfilled the discriminant validity criteria (Fornell and Lacker; in Santosa, 2018). Table 2 shows that the square root value of AVE (in shade effect) is bigger than the correlation between constructs. The table represents discriminant validity as the square root value of AVE is more than the correlation between constructs. Construct reliability is shown in Table 1. Composite reliability and Cronbach’s Alpha of all latent variables are more than 0.7. It can be inferred that the manifest variable is a reliable measure of the latent variable included in a model that is estimated to be reliable.

Table 3 shows that the HR Practices coefficient of determination (R2) is 0.483, meaning that about 48.3% of the observed variation in the sample's HR system implementation can be explained by family influence. Hair et al. (2019) classify this value as "weak," despite it being near the widely accepted cutoff point for moderate explanatory power, indicating that more than half of the variance is influenced by extraneous or contextual factors not included in the study's framework.

Table 3. Structural Model Evaluation

Endogenous (Construct) Variable	R Square	Note
HR Practices	0.483	Weak
Job Satisfaction	0.141	Weak
Organizational Commitment	0.625	Moderate

The relatively low R^2 value of 0.141 for job satisfaction indicates that HR practices alone are insufficient to fully explain what drives job satisfaction among non-family employees in Indonesian family-owned SMEs. This suggests that other critical factors—such as leadership style, perceived fairness, or work environment—may have a more substantial influence. In culturally embedded contexts, such as Indonesia, where hierarchical respect and familial loyalty play key roles, employees often respond more strongly to relational dynamics than to formal policy structures (Hofstede Insights, 2022). For example, the widespread use of paternalistic leadership—where leaders act as both authority figures and benevolent caretakers—can shape employees’ emotional connection to their work more than standardized HR procedures (Kim & Kim, 2020). Additionally, factors such as perceived organizational justice, open communication, and psychological safety are increasingly seen as significant predictors of satisfaction (Putra & Surachman, 2022). These findings align with studies suggesting that job satisfaction is a multidimensional construct shaped by both organizational systems and socio-cultural influences. Thus, future research should consider incorporating these elements as potential mediators or moderators to capture better what truly drives satisfaction among non-family employees in Indonesian family SMEs.

In contrast, organizational commitment has an R2 value of 0.625, which is within the "moderate" range of predictive strength, which is typically thought to be between 0.50 and 0.75. This implies that the combined effects of job satisfaction and HR policies may account for 62.5 percent of the variation in organizational commitment. This result aligns with the principles of Social Exchange Theory, which posits that equitable treatment, a sense of organizational support, and constructive working relationships all foster reciprocal loyalty. Furthermore, affective commitment theory suggests that workers who are emotionally invested are more likely to remain loyal when they perceive their employers as supportive and equitable.

Table 4. Effect Size

	HR Practices	Job Satisfaction	Organizational Commitment
Family Influence	0.934	-	-
HR Practices	-	0.165	0.283
Job Satisfaction	-		0.791

The structural equation model's computed effect sizes (f2) are presented in Table 4, providing a comprehensive understanding of the contributions made by each exogenous construct to its corresponding endogenous variable. The concept of effect size in structural modeling aids in evaluating the substantive influence of predictor variables, in addition to their statistical significance. F2 values are classified as small (0.02), moderate (0.15), and high (0.35) based on the commonly used standards proposed by Cohen and further supported by recent SEM work (Hair et al., 2019).

DOI: http://dx.doi.org/10.36441/jamr

An f2 = 0.168 indicates a moderate correlation between family influence and HR practices. This suggests that family engagement has a significant impact on the development and implementation of HR systems in family-owned SMEs, reinforcing the significance of familial control and governance in establishing operational procedures and organizational norms. In contrast, a smaller effect size (f2 = 0.029) indicates a link between HR procedures and work satisfaction. Although statistically significant, the moderate magnitude suggests that other factors, such as leadership style, interpersonal interactions, or intrinsic drive, may also have a substantial impact on employee satisfaction levels. This research highlights the need for a more comprehensive understanding of job satisfaction, particularly in contexts where HR policies are informal or in flux.

In family SMEs, HR practices are a significant driver of employee commitment, as evidenced by the substantial effect size (f2 = 0.407), which reflects their influence on organizational commitment. This is consistent with the tenets of Social Exchange Theory, which holds that encouraging, open, and fair HR practices create employee loyalty by cultivating a sense of community and mutual trust. This relationship has also been supported by recent research, such as that conducted by Llanos-Contreras et al. (2023), who highlighted the importance of well-structured HR strategies in promoting organizational identification and retention. Finally, the link between organizational commitment and work satisfaction has a tiny but significant effect size of 0.082. This implies that although job satisfaction plays a role in employees' commitment, it is a supplementary one that probably interacts with more general organizational and cultural factors.

Table 5. Path Coefficient Estimates in the Final Model

	Paths			Direct Effect	Indirect Effect
H1	Family Influence	→	HR Practices	0.695*	
H5	(Through HR Practices)	→	Job Satisfaction		0.261*
H6	(Through HR Practices)	→	Organizational Commitment		0.244**
H2	HR Practices	→	Job Satisfaction	0.376*	
H3	HR Practices	→	Organizational Commitment	0.352*	
H7	(Through Job Satisfaction)	→	Organizational Commitment		0.221**
H4	Job Satisfaction	→	Organizational Commitment	0.588*	

* p value below 0.05 (0.000) and t statistic value above 1.96
** p value below 0.05 (0.001) and t statistic value above 1.96

Table 5 presents the overall Goodness-of-Fit (GoF) index, which serves as a comprehensive indicator of the model's explanatory adequacy and predictive quality. As proposed by Henseler et al. (2009), GoF is derived from the geometric mean of the average communality and the average R^2 values, offering a single, consolidated metric that reflects the extent to which the structural model aligns with the observed data. For interpretive purposes, thresholds are typically classified as 0.10 for a small effect, 0.25 for a medium effect, and 0.36 or above for a large effect size (Hair et al., 2019).

The computed GoF value for this study is 0.533, placing it well above the conventional benchmark for a significant effect. This finding underscores the model's strong empirical fit, confirming that the theoretical constructs—family influence, HR practices, job satisfaction, and organizational commitment—are cohesively integrated and statistically robust. A GoF of this magnitude suggests that the model not only explains a substantial proportion of the variance within the data but also does so with a high degree of internal consistency and predictive reliability. Moreover, this result complements the earlier R^2 and f^2 outcomes, further validating the structural model's utility in examining nuanced dynamics within family-owned SMEs. In the context of family business research, where constructs are often multifaceted and interdependent, such strong GoF scores support the appropriateness of Partial Least Squares Structural Equation Modeling (PLS-SEM) as an analytical approach (Sarstedt et al., 2022). Collectively, these findings highlight the framework's effectiveness in capturing the complex interplay of organizational behaviors shaped by family involvement.

Figure 2 illustrates the structural equation model constructed through Partial Least Squares Structural Equation Modeling (PLS-SEM), demonstrating the directional and mediating relationships among the key constructs: family influence, HR practices, job satisfaction, and organizational commitment. The diagram highlights the significant role that family influence plays in shaping HR practices within family-owned SMEs. These practices, in turn, exert direct effects on both job satisfaction and organizational commitment. Additionally, job satisfaction

DOI: http://dx.doi.org/10.36441/jamr

itself emerges as a significant predictor of organizational commitment, confirming a sequential pathway that begins with familial involvement and culminates in employees' emotional engagement with the organization.

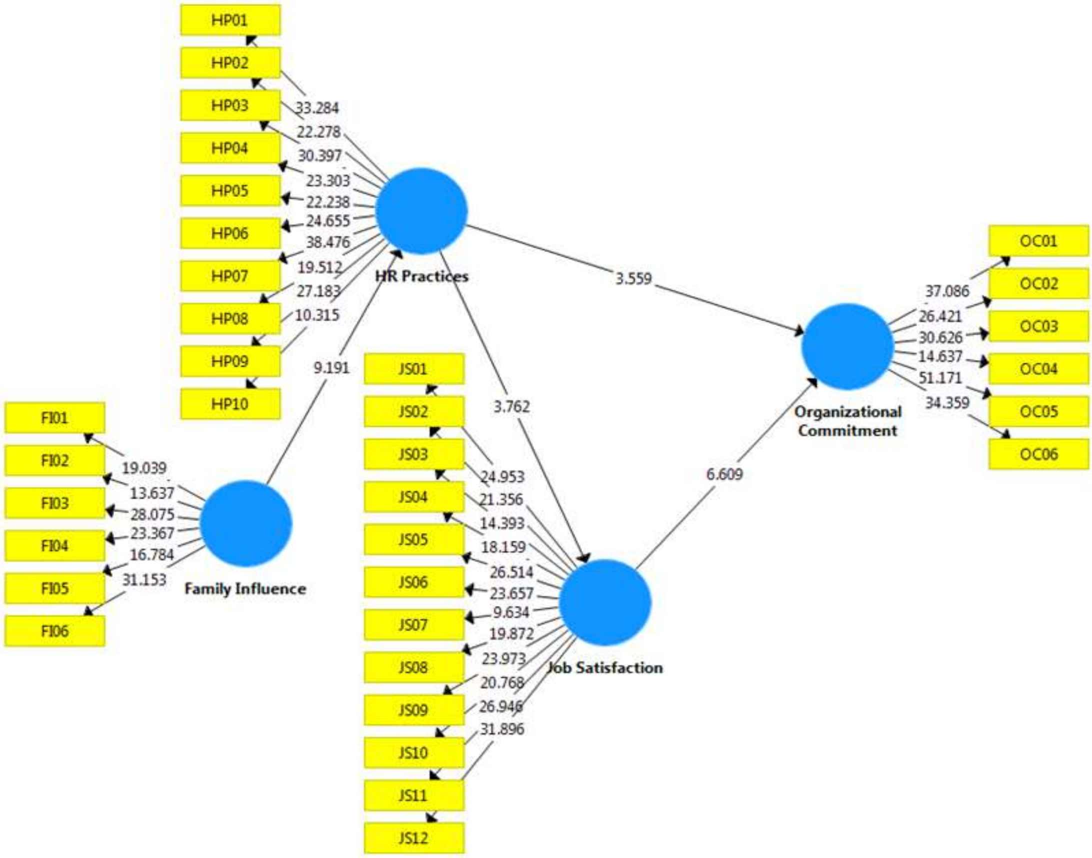

Fig 2. Path Diagram of t Statistic Value

This model finds strong theoretical grounding in Social Exchange Theory, which posits that perceptions of fairness and organizational support—often conveyed through well-structured HR policies—foster reciprocal loyalty and commitment among employees. The observed mediating role of job satisfaction echoes findings from Wang et al. (2022), who identified job satisfaction as a key psychological mechanism through which institutional practices influence affective commitment. Furthermore, the framework aligns with the Resource-Based View, which conceptualizes family governance structures as a source of unique, intangible assets that, when formalized through HR systems, can generate sustainable competitive advantage and enhanced organizational outcomes.

The configuration depicted in Figure 2 underscores the central role of HR practices and job satisfaction as critical transmission channels. These elements do not merely act as outcomes but are instrumental in translating the informal and often personalized nature of family influence into structured organizational behavior. Especially in the context of family-run SMEs, where emotional bonds and personal authority frequently substitute formal processes, the professionalization of HR becomes vital. By doing so, organizations can harness the strengths of familial influence while ensuring equitable treatment, thereby reinforcing both satisfaction and commitment among non-family employees.

3.2. Discussion

Family influence is still a defining characteristic in the evolution of human resource (HR) practices in family-owned businesses. This influence frequently takes the form of deeply embedded cultural norms, informal decision-making processes, and the preservation of legacy-based values, resulting in HR policies that differ significantly from those of professionally managed, non-family businesses (Sage-Hayward et al., 2022). In the context of SMEs under the Universitas Ciputra Family Business Community, cultural factors appear to be the main source of family influence, with power dynamics and intergenerational experience ranking second and third, respectively. Even though many of these businesses lack formal HR departments, they are still able to establish stable and satisfying work environments, particularly for non-family members, by using relational and trust-based practices.

According to recent research, family-owned SMEs can still promote job satisfaction through moral leadership, a value-centric workplace culture, and individualized engagement even in the absence of formal HR structures (Robbani et al., 2021; Llanos-Contreras et al., 2023). However, as these companies aim for long-term viability and competitiveness, the adoption of formalized training and employee development systems becomes increasingly crucial. Researchers such as Koutrou and Papadopoulou (2023) argue that structured development programs enhance job satisfaction, performance, and retention rates—all of which are crucial in SME environments with a shortage of skilled workers. This finding aligns with research by Chowdhury and Schulz (2020), who argue that well-designed HR frameworks have a direct impact on the flexibility and growth of family businesses.

The findings of this study lend support to the notion that job satisfaction has a significant and positive impact on organizational commitment. Particularly for non-family employees, employee discontent tends to weaken psychological ties to the organization (Park & Doo, 2020; Ardianto et al., 2021; Robbani et al., 2021; Amin et al., 2022). However, when employees are happy in their jobs, especially concerning opportunities for growth, recognition, and compensation, they are more likely to be devoted and effective (Mahmood et al., 2019; Kusnaeni & Sukamdani, 2021). In the UC Family Business Community, pay was identified as the most significant factor influencing satisfaction. This suggests that even basic yet equitable HR practices can significantly impact family SMEs.

Additionally, HR strategies have a significant influence on organizational commitment. Well-designed and regularly applied HR rules can promote a culture of fairness, inclusion, and transparency in organizations where family members and non-family members cohabitate. The dual composition of the workforce necessitates impartial and effective HR practices. Recent research supports the importance of neutrality and consistency as strategic imperatives for sustaining commitment and morale among non-family employees (Gorovaia & Pfahnl, 2024).

Additionally, one of the primary determinants that connects HR practices to organizational commitment is work satisfaction. Employee satisfaction improves organizational cohesion and operational effectiveness because contented workers are more likely to invest emotionally in their jobs (Wang et al., 2022). Fostering long-term employee loyalty in family-owned SMEs, where informal contracts are frequently replaced by personal relationships, requires providing equitable pay, opportunity for advancement, and a positive work environment. Taking everything into account, this study highlights the need for family SMEs to professionalize their HR practices without compromising the interpersonal advantages of their corporate cultures. These businesses can retain people, reduce the intention to leave, and increase long-term organizational engagement by prioritizing employee-centric policies, fair treatment, and inclusivity—all of which are critical for sustaining success in fast-paced business environments.

4. CONCLUSION

Based on the analysis and discussion, it can be inferred that the research questions have been answered. Family influence has a significant direct effect on HR Practices, which in turn directly and positively impacts both job satisfaction and organizational commitment. Additionally, job satisfaction itself has a significant direct effect on organizational commitment. Furthermore, HR Practices mediate the relationship between family influence and job satisfaction, as well as between family influence and organizational commitment, indicating indirect effects. Finally, job satisfaction acts as a mediator between HR Practices and organizational commitment, meaning HR Practices also influence commitment indirectly through enhanced job satisfaction.

DOI: http://dx.doi.org/10.36441/jamr

Future research can utilize this study as a guide to explore the uniqueness of HR Practices in family businesses further. Examining preferred HR practices among non-family employees, such as fairness or justice in their implementation, will be interesting. Re-examining this research model can be done separately for each small and medium-sized family enterprise, resulting in more specific findings.

The Family Business Community can use these research results to pay more attention to building awareness of how family businesses should behave towards their human capital, especially non-family employees. Family Business has worked diligently on improving the family aspect of the family business, so it is now time to combine the results of this improvement with the non-family aspect. Successors of family SMEs in the Family Business Community can start to realize the importance of HR Practices, even in an informal form. This research has identified aspects that should exist in HR Practices to produce desired job satisfaction and organizational commitment, but the results depend on the executors.

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