

Evaluation of The Performance Management System in A Paternalistic Culture: A Case Study at CV Indonesia Cahaya Cinta

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Abstract

This study aims to evaluate the performance management system at CV. Indonesia Cahaya Cinta and analyze the influence of paternalistic culture on employee performance management. The research uses a qualitative approach with a case study method. Data were obtained through in-depth interviews, participatory observation, and document analysis involving eight informants consisting of leaders and employees. The results show that the performance management process in the company has not been carried out objectively and in a structured manner. Performance planning is conducted informally without documentation, monitoring is reactive, evaluations are inconsistent, and feedback is delivered informally. The paternalistic culture applied by the leadership fosters loyalty and emotional closeness, but also creates high dependence on the leader, reducing opportunities for objective performance assessment. The impact arising from this culture includes low transparency, role overlap in operational management, miscommunication between division, and disruption of operational effectiveness within the company. This study recommends a more objective performance management model through simple work documentation, tiered evaluations, and the implementation of a consistent reward and consequence system without eliminating family values within the company culture.

Keywords: Performance Management, Paternalistic Culture, Performance Evaluation, Small Business, Employees.

1. Introduction

CV Indonesia Cahaya Cinta is a cement distribution company located in Pekanbaru that faces challenges in human resource management, particularly in its performance management system. The company employs only eight office staff members, most of whom have senior high school or vocational high school educational backgrounds with limited work experience. The absence of a formal performance evaluation system, written Standard Operating Procedures (SOPs), job descriptions, and training programs has resulted in recurring administrative and operational errors. Nevertheless, employees who make mistakes are still retained due to considerations of compassion and personal relationships with the company owner.

A paternalistic leadership culture serves as the company's dominant characteristic, in which the owner demonstrates strong concern for employees while maintaining full control over decision-making processes. This condition fosters employee loyalty and a sense of security, yet simultaneously creates dependency, low initiative, and weak professionalism among employees. Performance evaluations are conducted subjectively based on emotional closeness rather than measurable work achievements. Consequently, various issues such as delays in billing, pricing input errors, distribution miscommunication, and inaccurate documentation continue to occur, ultimately affecting customer satisfaction and the company's operational effectiveness.

This phenomenon reflects the common condition of small enterprises in Indonesia that still lack structured performance management systems. Limited resources, undocumented communication, and excessive dependence on the owner

further reinforce weaknesses in human resource management practices. Therefore, this study aims to evaluate the performance management system at CV Indonesia Cahaya Cinta by considering the influence of paternalistic culture. The study is expected to provide recommendations for a more objective performance management model that is suitable for the characteristics of small enterprises in Indonesia.

Research Problems

Based on the background described above, the research problems in this study are formulated as follows:

1. How is the performance management system process (planning, implementation, evaluation, and feedback) currently implemented for employees at CV Indonesia Cahaya Cinta?
2. To what extent does the paternalistic organizational culture influence decision-making processes related to employee performance (evaluation, promotion, and consequences) at CV Indonesia Cahaya Cinta?
3. What are the impacts of the absence of an objective performance management system on employee performance and operational effectiveness at CV Indonesia Cahaya Cinta?
4. What recommendations can be proposed for an effective performance management system model that can be adapted to the context of a paternalistic organizational culture at CV Indonesia Cahaya Cinta?

Research Objectives

In line with the research problems presented above, this study aims to:

1. Describe and analyze the performance management system process currently implemented for employees at CV Indonesia Cahaya Cinta.
2. Analyze and measure the extent to which paternalistic organizational culture influences decision-making processes related to employee performance at CV Indonesia Cahaya Cinta.
3. Analyze the impacts of the absence of an objective performance management system on employee performance and operational effectiveness at CV Indonesia Cahaya Cinta.
4. Formulate recommendations for an effective performance management system model by considering adaptation to the paternalistic culture at CV Indonesia Cahaya Cinta.

Significance of the Study

This study is expected to provide both theoretical and practical contributions.

1. Theoretical Contributions (Academic)
 - a. To contribute to the development of Human Resource Management literature, particularly regarding the implementation of performance management within the context of paternalistic organizational culture.
 - b. To serve as an empirical reference concerning the conflict between rational-objective performance management systems and subjective-relational paternalistic organizational culture, thereby enriching theoretical understanding of the complexity of performance management implementation in Indonesia.

- c. To enrich qualitative case study research in the fields of strategic management and organizational behavior, particularly within the context of small-scale enterprises in Indonesia.
2. Practical Contributions (Applied)
 - a. For CV Indonesia Cahaya Cinta:

To provide an objective evaluation of the weaknesses in the company's current human resource management system. The findings of this study may serve as a foundation for designing and implementing a more professional, structured, and fair performance management system, thereby improving employee performance, reducing operational dependence on the owner, and enhancing overall organizational effectiveness.
 - b. For HR Practitioners and Small-Medium Enterprise Owners:

To provide insights into the challenges of implementing performance management systems in companies with strong paternalistic cultures and to offer adaptive alternative solutions that may be applied in similar contexts.
 - c. For Future Researchers:

To serve as a reference and comparative source for similar studies conducted in different industries or cultural contexts, while also opening opportunities for the development of more contextualized performance management models for small-scale enterprises in Indonesia.

2. Literature Review

Human Resources in the Context of Small Enterprises

Human resources play a strategic role in small enterprises because they influence operations and organizational goal achievement. Professional management improves organizational effectiveness (Hanim, Haninah, & Baskoro, 2023). However, limited resources cause human resource management to remain informal (Suistaya, 2025), resulting in subjective performance evaluations (Febrina, Tewu, & Indonesia, n.d.), even though companies require highly qualified employees (Tessalonika, 2021).

Organizational Culture and Paternalistic Leadership

Organizational culture influences leadership, management, and employee performance comprehensively (Lase et al., 2025). According to Schein, culture is formed through basic assumptions inherited within an organization (Mei, 2016). In small enterprises, paternalistic culture increases loyalty and trust, but also creates dependency, subjectivity in evaluation, and inhibits employee initiative (Pizzolitto et al., 2023).

Performance Management: Concepts and Implementation

Performance management directs, monitors, and develops employees to align with organizational goals through evaluation and rewards (Listiani, 2011). In small enterprises, barriers such as informal communication, limited training, evaluation bias, and the absence of work targets hinder evaluation objectivity and employee professionalism (Kurnianingsih, Lamidi, & Septiawan, 2025; Erawati, 2015), thereby limiting the implementation of performance management in a fair, consistent, and sustainable manner.

Characteristics of Human Resource Management in Small Enterprises

According to Harney and Nolan (2022), small enterprises have informal human resource practices, owner-centered decision-making, limited resources, and relational working relationships. The combination of paternalistic culture and the lack of formal structures causes performance evaluations to become subjective, dependent on personal relationships, limiting employee initiative, and hindering the implementation of professional performance management in small enterprises.

Employee Performance: Dimensions and Influencing Factors

Employee performance includes task performance, contextual performance, Organizational Citizenship Behavior (OCB), and Counterproductive Work Behavior (CWB), all of which influence organizational effectiveness. Performance management systems are capable of increasing motivation and productivity, whereas subjective and permissive systems may lower standards and generate counterproductive organizational behavior (Usman et al., 2023; Saleha, Siregar, & Naufal, 2023).

Conceptual Framework

Based on the literature review described above, the researcher designed the following conceptual framework:

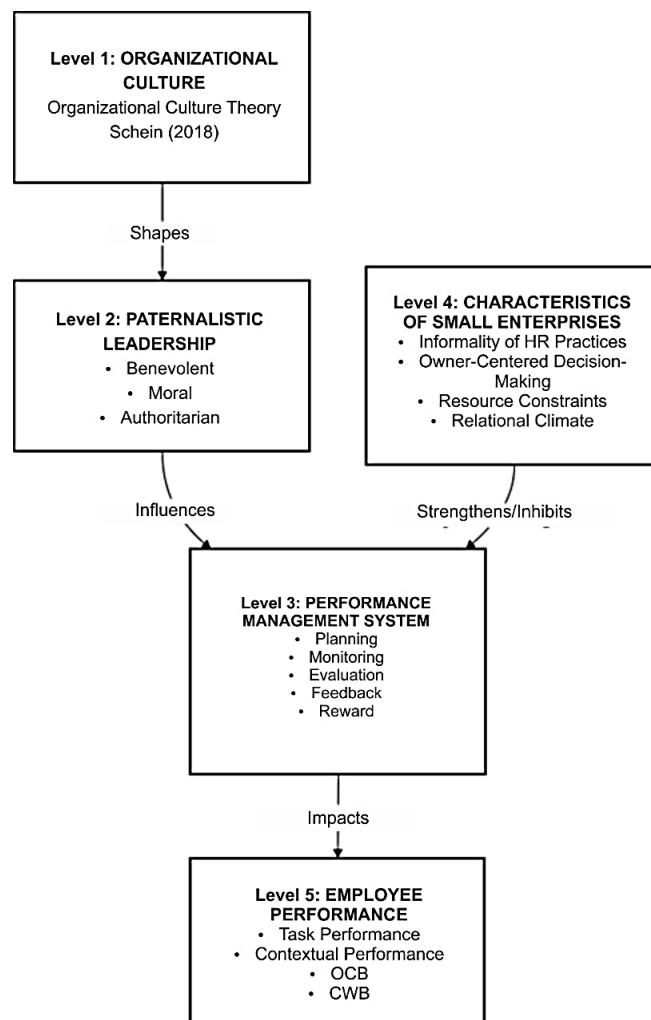


Figure 1. Research Conceptual Model

The conceptual framework of this study explains that paternalistic organizational culture at “Level 1” shapes paternalistic leadership at “Level 2,” which influences the implementation of the performance management system at “Level 3” within the context of small enterprises at “Level 4,” thereby affecting employee performance at “Level 5.” Understanding this flow is important to ensure that the recommendations can be implemented effectively and address the root causes of the problem.

3. Method

Type of Study

This study employs a qualitative approach using a case study design to understand the implementation of performance management within a paternalistic culture at CV Indonesia Cahaya Cinta. A case study was chosen because it is capable of exploring phenomena in depth within a real organizational context. This study is descriptive-analytical in nature, focusing on the relationship between organizational culture, paternalistic leadership, and the effectiveness of performance management. This approach enables the researcher to understand participants’ experiences directly through data in the form of words, behaviors, and social interactions occurring within the company’s work environment.

Research Subjects

The research subjects consisted of the company owner and all employees of CV Indonesia Cahaya Cinta, selected using a purposive sampling technique. The study was conducted in Pekanbaru, Riau, because the company possesses characteristics of a paternalistic culture and performance management issues relevant to the focus of the study. The informants included the owner as the key informant and seven employees from various divisions as supporting informants. In addition to the informants, this study also utilized company documents such as operational data, work reports, and internal communications as additional sources of information to strengthen the research findings.

Data Collection Techniques

This study employed three data collection techniques: in-depth interviews, participatory observation, and document review. The interviews were conducted in a semi-structured manner to obtain in-depth information regarding organizational culture and the performance management system. Observation was used to directly examine work interactions and the company’s operational practices, while document review was conducted to complement and verify field data. The entire data collection process was carried out by considering research ethics such as informed consent, informant confidentiality, voluntary participation, and protection of parties involved in the study.

Data Analysis Technique

Data analysis employed the interactive model of Miles, Huberman, and Saldaña, which includes data collection, data reduction, data presentation, conclusion drawing, and verification. Data obtained from interviews, observations, and documents were analyzed through coding, categorization, and identification of major themes. The analysis results were then presented in the form of narratives, matrices, and diagrams

to facilitate interpretation. This study also used the theoretical frameworks of organizational culture, paternalistic leadership, performance management, characteristics of small enterprises, and employee performance as the basis for understanding the relationships among the phenomena found in the field.

Data Validity

Data validity in this study was maintained through triangulation and member checking to ensure that the research findings were credible and trustworthy. Triangulation was conducted by comparing data from various sources, methods, and theoretical perspectives. Meanwhile, member checking was conducted by asking informants to verify the interview results and the researcher’s interpretations to ensure consistency with actual conditions. This strategy helped reduce research bias and improve the accuracy of interpretation regarding the phenomena of paternalistic culture and the performance management system at CV Indonesia Cahaya Cinta.

4. Result and Discussion

Research Implementation

This study was conducted in April 2026 at CV Indonesia Cahaya Cinta, Pekanbaru, using a qualitative approach through in-depth interviews, participatory observation, and internal document review. Eight informants were interviewed, consisting of the company leader and seven employees from various operational functions. Observations were conducted for three weeks to understand work dynamics, communication, decision-making, and error handling. All data were transcribed and analyzed descriptively to comprehensively and thoroughly describe the actual condition of the company’s performance management system.

Table 1. Research Informant Profiles

No	Pseudonym	Position	Length of Employment	Educational Background
1	Leader	Owner/Director	> 15 years	Bachelor Degree
2	Dipa	Marketing Staff	7 years	Senior High School
3	Yogi	Marketing Staff	2 years	Senior High School
4	Citra	Administrative Staff	7 years	Bachelor Degree in Management
5	Firman	Administrative Staff	3 years	Bachelor Degree in Economics
6	Putra	Warehouse Staff	3 years	Senior High School
7	Gabriel	Tax Staff	2 years	Vocational High School in Informatics Engineering
8	Samuel	Collection Staff	1 year	Senior High School

Source: Primary data, interview results April 2026

Data Presentation and Discussion

The study shows that the performance management system at CV Indonesia Cahaya Cinta remains informal and is highly influenced by the leader as the center of decision-making. Planning, monitoring, evaluation, and feedback are conducted verbally without written documentation. The paternalistic approach creates close and loyal working relationships, but also causes high employee dependence on the leader.

This condition affects the low objectivity of evaluations, the occurrence of repeated errors, and the company's operational effectiveness, which has not been fully optimized in carrying out all daily business activities consistently and systematically.

The leader considers that the implemented performance management system is sufficiently appropriate for the scale of a small enterprise, and therefore formal and complex procedures are not yet considered necessary. Target setting and evaluation are conducted based on direct observation and the capabilities of each employee. Compassionate considerations become the main reason for retaining employees despite frequent mistakes. Reprimands are given situationally without the implementation of consistent sanctions. On the other hand, the leader has expectations for business development through online sales, but this has not yet been supported by structured training capable of optimally improving the competence and readiness of all employees.

Research Problem 1: The Performance Management System Process at CV Indonesia Cahaya Cinta

The results of the study indicate that the entire performance management process within the company is still conducted informally, undocumented, and centered on the leader's decisions. Work targets are communicated verbally without clear written standards. Monitoring is carried out through direct observation and daily communication, while evaluation and feedback are reactive in nature based on emerging problems. The absence of objective indicators, work documentation, and a consistent consequence system has resulted in repeated errors, high dependence on the leader, and low effectiveness of work processes across divisions within the company as a whole.

1. Performance Planning

Performance planning at CV Indonesia Cahaya Cinta is entirely determined by the leader without a joint discussion process with employees. Each work function has different targets communicated verbally according to experience and operational needs. Marketing staff, administrative staff, warehouse staff, tax staff, and collection staff receive simple quantitative targets without documentation or clear work quality indicators. Work standards often emerge reactively after errors occur in the field. This condition causes unclear expectations, potential inconsistency in evaluations, and difficulties in conducting objective and measurable performance evaluations in the long term for the company.

2. Performance Implementation and Monitoring

Performance implementation and monitoring are conducted informally through direct observation by the leader, communication via WhatsApp groups, and responses to operational problems that arise daily. The leader is highly involved in guiding employees, ranging from customer handling to resolving administrative and taxation errors. However, monitoring is more reactive than preventive because there are no periodic reports, monitoring standards, or structured evaluation schedules. Although several system improvements have been implemented, such as the use of applications and CCTV installation, the company does not yet have a formal training program to support the continuous and systematic development of employee competencies.

3. Performance Evaluation

Performance evaluation is conducted informally and does not follow a fixed schedule, usually taking place during monthly meetings or when certain problems arise. The evaluation focuses on quantitative outcomes such as the number of stores, invoices, deliveries, tax invoices, and bill collections successfully completed. There are no evaluation forms, documented evaluation results, or consistent standards of treatment among employees. Differences in rewards between senior and new employees create perceptions of unfairness. Senior employees tend to be more critical of the subjectivity of the system, whereas new employees still perceive the existing evaluation pattern as something normal.

4. Feedback

Feedback is provided informally through direct reprimands, personal conversations, and WhatsApp group messages when work errors occur. The leader’s approach tends to be warm and constructive, allowing employees to feel heard, particularly when resolving conflicts with customers. However, feedback is not documented and often focuses only on recent incidents, causing improvements in work behavior to be unsustainable. Several employees acknowledged that the same mistakes continue to recur despite having previously received guidance. This condition indicates that the company’s feedback mechanism has not yet operated consistently, systematically, or effectively in producing long-term performance improvement.

Table 2. Comparison of Performance Evaluation Components: Ideal Conditions vs. Conditions at CV Indonesia Cahaya Cinta

Evaluation Component	Ideal Condition (Aguinis, 2019)	Condition at CV ICC	Gap
Evaluation Criteria	Objective, written, mutually agreed upon	Subjective, verbal, determined unilaterally by the leader	Very High
Evaluation Frequency	Minimum quarterly informal evaluation and annual formal evaluation	Once a month to once every three months, inconsistent	High
Documentation of Results	Written and can be referred to again	No documentation at all	Very High
Performance Indicators	Includes both process and outcomes	Only quantitative final outcomes	High
Consistency of Treatment	Equal for all employees based on established criteria	Different between senior and new employees	High

Source: Adapted from Aguinis (2019) and primary interview data, April 2026

Problem Formulation 2: The Influence of Paternalistic Culture on Performance Decision Making

Paternalistic culture influences the entire process of performance-related decision-making within the company through the dominant role of the leader as both the center of authority and a protective figure. Family values, loyalty, and personal concern shape harmonious working relationships, but also create high employee dependence on the leader’s direction. Senior employees are given greater opportunities to express their opinions, whereas new employees tend to be passive

and wait for instructions. This pattern creates loyalty and a sense of security, but also inhibits initiative, independence, and the establishment of an objective and professional work system within the company.

1. General Manifestation of Paternalistic Culture

The manifestation of paternalistic culture can be observed at all organizational levels through the dominance of verbal communication, centralized decision-making by the leader, and family-oriented working relationships. The leader not only manages work-related matters but is also involved in employees' personal matters as a form of concern. Loyalty is valued more highly than technical competence, while work-related mistakes are often tolerated on humanitarian grounds. This culture creates a strong sense of respect and emotional closeness between the leader and employees, but at the same time reinforces dependence on the leader and hinders the implementation of consistent and formal work regulations within the company.

2. The Influence of Paternalistic Culture on Each Staff Member

The influence of paternalistic culture is experienced differently by each employee depending on their length of employment and closeness to the leader. Senior employees such as Dipa and Citra are more confident in expressing their opinions because they have gained trust, whereas new employees such as Gabriel and Samuel tend to wait for instructions from the leader. Putra demonstrates the highest level of dependence due to his very close personal relationship with the leader. Although the leader's warm approach increases loyalty and work comfort, decision-making authority remains dominated by the leader, resulting in employee initiative, decision-making courage, and independence not yet developing optimally.

Research Problem 3: The Impact of the Absence of an Objective Performance Management System

The absence of an objective performance management system creates significant impacts on both individual performance and the company's operational effectiveness. Repeated work errors become common because there are no firm consequences and no consistent evaluation standards. Some employees experience emotional pressure after receiving harsh evaluations, while others become accustomed to such patterns. In addition, coordination among divisions is frequently disrupted due to miscommunication and high dependence on the leader. This condition indicates that the company's work system has not yet been able to support productivity, accountability, and operational efficiency in a sustainable and professional manner.

1. Impact on Employee Performance

The impact on employee performance can be observed through the occurrence of repeated errors, low work initiative, and high dependence on the leader in daily decision-making. New employees tend to be more emotionally affected when receiving harsh evaluations, while senior employees have become accustomed to the leader's communication pattern. The absence of consistent punishment causes motivation to correct mistakes to remain low. Some employees experience decreased productivity after evaluations, while others become overly dependent on direct supervision. This condition indicates that the existing evaluation system has not yet been able to create permanent changes in work behavior.

2. Impact on Operational Effectiveness

The ineffectiveness of the performance management system directly affects the company's operations, particularly through miscommunication among divisions, delays in bill collection, and high dependence on the leader. Coordination among marketing staff, warehouse staff, administrative staff, and collection staff frequently encounters obstacles due to the absence of written procedures and a structured communication system. In addition, all important decisions must go through the leader, causing operations to slow down when the leader is unavailable. This condition creates a single point of failure risk that may hinder company growth if business activities expand on a larger scale in the future.

Research Problem 4: Recommendations for an Adaptive Performance Management System Model

This study recommends an adaptive performance management system model that maintains the positive values of paternalistic culture while gradually building professional accountability. The recommendations include documented work targets for each function, routine monitoring, scheduled evaluations, documented feedback, and a consistent consequence system. Each work function requires simple operational standards that are aligned with the characteristics of its respective tasks. This approach is expected to improve evaluation objectivity, reduce repeated errors, strengthen work coordination, and reduce operational dependence on the leader without eliminating harmonious and family-oriented working relationships.

1. System Recommendations for Each Function

Each work function requires a more structured system according to the characteristics of its tasks. Marketing staff require written targets and clear customer indicators. Administrative staff require balanced work distribution and documented invoice procedures. Warehouse staff require delivery standards and stock updates. Tax staff require invoice completion schedules and accuracy standards, while collection staff require consistent collection procedures. All recommendations are directed toward establishing simple but clear work guidelines so that employees no longer depend entirely on verbal instructions from the leader in carrying out daily operational activities effectively and consistently.

2. Punishment and Rewards Based on Theory

This study recommends a tiered consequence system implemented consistently without being influenced by personal considerations. Verbal reprimands are given for first-time mistakes, followed by written reprimands and formal evaluations if the same mistakes are repeated. Serious violations such as embezzlement must receive firm consequences in accordance with company regulations. Conversely, target achievement should be rewarded through verbal appreciation, bonuses, or the expansion of responsibilities. This system aims to build a sense of fairness and increase employee work motivation. Consistency in implementation becomes the main factor to ensure that all employees understand the standards of behavior and performance expected by the company.

Table 3. Recommendations for a Tiered Consequence System

Violation Level	Type of Violation	Recommended Consequence
Level 1	First-time work error	Verbal reprimand accompanied by coaching from the leader

Level 2	The same mistake repeated for the second time	Documented written reprimand
Level 3	The same mistake repeated for the third time	Formal performance evaluation with a written performance improvement plan
Level 4	Serious violations (embezzlement, etc.)	Firm consequences in accordance with agreements without exceptions based on personal considerations
Target Achievement	Achieving or exceeding targets	Formal verbal appreciation, performance bonuses, or expanded responsibilities

Source: Adapted from Aguinis (2019), Siraj (2023), and primary interview data, April 2026

3. Principles of Adapting the Model to Paternalistic Culture

The recommended adaptive model is built upon the principle of gradual formalization in accordance with the capacity of small enterprises. The leader remains the center of decision-making, but is supported by a more transparent and consistent system. Values of care and family orientation are maintained, but separated from the professional evaluation process so as not to reduce work accountability. Routine weekly and monthly evaluations are recommended as a new culture to build more directed communication. This approach enables the company to improve its performance management system without eliminating the paternalistic characteristics that have long been the main identity of the organization and its internal working relationships.

Table 4. Recommendations for an Adaptive Performance Management System Model for CV Indonesia Cahaya Cinta

Component	Current Condition	Recommendation	Theoretical Basis
Performance Planning	Verbal, unilateral, undocumented	Written targets for each function, agreed upon at the beginning of the month, transparent differentiating criteria	Aguinis (2019)
Monitoring	Reactive, problem-based	Daily briefings of 10–15 minutes, simple weekly progress reports	Siraj (2023)
Evaluation	Once a month to once every three months, undocumented	Weekly evaluations (30 minutes) and comprehensive monthly evaluations (60–90 minutes)	Aguinis (2019)
Feedback	Informal, undocumented, recency bias	Documented feedback covering the entire period, two-way communication	Aguinis (2019)

Consequences	Inconsistent, influenced by compassion	Consistent tiered system without personal exceptions	Siraj (2023); Harney & Nolan (2022)
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Source: Adapted from Aguinis (2019), Siraj (2023), Harney and Nolan (2022), and primary interview data, April 2026

Conclusion of the Research Findings

This study concludes that the performance management system at CV Indonesia Cahaya Cinta still has many weaknesses in the aspects of planning, monitoring, evaluation, and feedback because all processes are conducted informally and depend heavily on the leader. Paternalistic culture creates loyalty and harmonious working relationships, but also generates excessive tolerance toward mistakes and high employee dependence. The impacts can be seen in the low objectivity of evaluations, the occurrence of repeated errors, and the disruption of operational effectiveness. Therefore, an adaptive performance management system model is needed that continues to maintain family-oriented values while gradually and consistently building professional accountability.

5. Conclusion

Conclusion

Based on the research findings and discussion presented in the previous chapter, this study produced four conclusions that are aligned with the established research problems.

1. The performance management system process currently implemented at CV Indonesia Cahaya Cinta has very significant gaps across all of its main components. Performance planning is conducted verbally, unilaterally, and without documentation; monitoring is reactive and depends entirely on the leader's presence and direct attention; evaluations are conducted irregularly without formally agreed criteria; and feedback is provided informally without documentation that can be used as a future reference. This condition was consistently found across all functions—marketing, administration, warehouse, taxation, and collection—although with varying levels of problems according to the characteristics of each function and the employees' length of service.
2. Paternalistic organizational culture has been proven to influence the entire process of employee performance-related decision-making through the interaction of three leadership dimensions that reinforce one another. The benevolent leadership dimension creates high loyalty and a sense of security, but at the same time generates excessive tolerance toward repeated work errors. The authoritarian leadership dimension creates compliance, but inhibits employee initiative and independence in operational decision-making. The moral leadership dimension builds authentic respect toward the leader, but has not yet been balanced with objective and measurable evaluation standards. This pattern of influence differs between senior and new employees, where senior employees are given greater opportunities for expression and trust, while new employees remain in a far more dependent position.
3. The absence of an objective performance management system has tangible impacts on both employee performance and the company's operational effectiveness. In terms of employee performance, the findings indicate the normalization of repeated

mistakes without proportional consequences, low initiative and independence, temporary declines in productivity after evaluations particularly among new employees, and extremely high operational dependence on a single leader figure. In terms of operational effectiveness, the impacts are reflected in regular miscommunication among divisions, delays in the billing cycle affecting cash flow, and the risk of a single point of failure resulting from the extreme centralization of decision-making authority in the leader as the sole center of organizational control.

4. An effective performance management system model that can be adapted within the paternalistic cultural context of CV Indonesia Cahaya Cinta is built upon three integrated main components. First, minimal work documentation for each function adjusted to the characteristics of each position so that employees have clear references without continuously depending on verbal instructions from the leader. Second, a tiered evaluation cycle consisting of short daily briefings, weekly evaluations, and comprehensive monthly evaluations that are properly documented. Third, a standards-based consequence system that is implemented consistently and cannot be exempted solely on the basis of personal considerations or compassion. This model is designed to maintain the positive values of paternalistic culture, particularly personal closeness and leader concern, while gradually building a foundation of professional accountability that has thus far been absent in performance management practices at CV Indonesia Cahaya Cinta.

Recommendations

Based on the conclusions presented above, the following recommendations are addressed to the three parties most relevant to the findings of this study.

1. For CV Indonesia Cahaya Cinta

This study recommends that the leader of CV Indonesia Cahaya Cinta begin the process of formalizing the performance management system gradually and realistically, without fully adopting the performance management systems commonly used in large companies. The most urgent first step is to document performance targets and indicators for each function in written form, even in a simple format. This documentation will serve as the foundation for more objective evaluation and feedback processes in the future.

Furthermore, the leader needs to begin separating the dimension of personal concern (benevolent leadership) from professional accountability in performance-related decision-making. When consequences arise from a mutually agreed system, the leader does not need to feel guilty in enforcing them because such consequences are part of the system rather than merely personal decisions. The leader is also advised to gradually delegate routine operational decisions to employees who have demonstrated capability in order to reduce the risk of a single point of failure, which currently poses a significant threat to the continuity of company operations.

2. For HR Practitioners and Small–Medium Enterprise Owners

The findings of this study indicate that the implementation of performance management systems in small enterprises with strong paternalistic cultures cannot simply rely on adopting models designed for large-scale companies. A contextual, adaptive, and gradual approach is required according to the organization's capacity. HR practitioners and small–medium enterprise owners are advised to make documentation the starting point of change, because even simple written

procedures can significantly improve performance consistency and reduce dependence on verbal instructions that are prone to misunderstanding.

In addition, it is important for business owners to recognize that paternalistic cultural values such as family orientation, concern, and loyalty do not need to be eliminated in the process of management professionalization. Instead, these values can become unique organizational strengths when combined with systems that are more structured, transparent, and accountable.

3. For Future Researchers

This study has limitations in terms of scope, as it only examined one company with eight employees in the distribution sector. Future researchers are advised to expand the study by conducting comparative research on several small enterprises in different sectors in order to identify whether the patterns found in this study are specific to the context of CV Indonesia Cahaya Cinta or represent a more general phenomenon among small enterprises in Indonesia.

In addition, further research using a mixed methods approach that combines in-depth interviews with quantitative measurements of performance variables would provide a more comprehensive and generalizable understanding. The development of measurement instruments for paternalistic culture that are adapted to the context of small enterprises in Indonesia also represents a highly relevant opportunity for future research.

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