

# [JOItmC] Manuscript ID: JOItmC-920812 - Submission Received

1 message

Editorial Office <joitmc@mdpi.com>

Wed, Aug 19, 2020 at 12:33 PM

Reply-To: joitmc@mdpi.com

To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Cc: Sugiarto Koentjoro <sugiartokoentjoro@hotmail.com>

Dear Dr. Gunawan.

Thank you very much for uploading the following manuscript to the MDPI submission system. One of our editors will be in touch with you soon.

Journal name: Journal of Open Innovation: Technology, Market, and Complexity

Manuscript ID: JOItmC-920812 Type of manuscript: Article

Title: Managing Knowledge, Dynamic Capabilities, Innovative Performance:

Creating Sustainable Competitive Advantage in Family Companies

Authors: Sugiarto Koentjoro, Sri Gunawan \*

Received: 19 August 2020

E-mails: sugiartokoentjoro@hotmail.com, sgunawan@feb.unair.ac.id

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If you have any questions, please do not hesitate to contact the JOItmC editorial office at joitmc@mdpi.com

Kind regards,

JOItmC Editorial Office St. Alban-Anlage 66, 4052 Basel, Switzerland

E-Mail: joitmc@mdpi.com Tel. +41 61 683 77 34 Fax: +41 61 302 89 18

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# [JOItmC] Manuscript ID: JOItmC-920812 - Accept with Minor Revisions

2 messages

Glorain Long <glorain.long@mdpi.com>

Mon, Aug 31, 2020 at 10:34 AM

Reply-To: glorain.long@mdpi.com

To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Cc: Sugiarto Koentjoro <sugiartokoentjoro@hotmail.com>, JOItmC Editorial Office <joitmc@mdpi.com>

Dear Dr. Gunawan.

We are pleased to inform you that the following paper has been accepted for publication on condition of completing minor revisions:

Manuscript ID: JOItmC-920812 Type of manuscript: Article

Title: Managing Knowledge, Dynamic Capabilities, Innovative Performance:

Creating Sustainable Competitive Advantage in Family Companies

Authors: Sugiarto Koentjoro, Sri Gunawan \*

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Please find your manuscript and the review reports detailing the required changes at the following link:

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Please revise the manuscript according to the reviewers' comments and upload the revised file within 5 days. Use the version of your manuscript found at the above link for your revisions, as the editorial office may have made formatting changes to your original submission. Any revisions should be clearly highlighted, for example using the "Track Changes" function in Microsoft Word, so that they are easily visible to the editors and reviewers. Please provide a short cover letter detailing any changes, for the benefit of the editors and reviewers.

If the reviewers have suggested that your manuscript should undergo extensive English editing, please have the English in the manuscript thoroughly checked and edited for language and form.

Do not hesitate to contact us if you have any questions regarding the revision of your manuscript or if you need more time. We look forward to hearing from you soon.

#### Kind regards,

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SRI GUNAWAN <sgunawan@feb.unair.ac.id> To: Glorain Long <glorain.long@mdpi.com>

Mon, Aug 31, 2020 at 11:33 AM

Dear Glorain,

Thank you for your decision to accept our manuscript. We will make the revision and do the proofreading. Due to the many revisions suggested by the 4 reviewers, and do the proofreading, I would ask you to give as an extension in submitting the revised manuscript, would it be possible if we submit the revised manuscript in 10 days?

Kind regards,

[Quoted text hidden]

email: sgunawan@feb.unair.ac.id

**Dr. Sri Gunawan** President, Forum Manajemen Indonesia (Indonesian Management Association) **Lecturer, Department of Management Faculty of Economics & Business Universitas Airlangga** JL. Airlangga 4 Surabaya, INDONESIA Tel. +62 31 5011956 ext 204



# [JOItmC] Manuscript ID: JOItmC-920812 - Manuscript Resubmitted

1 message

Submission System < submission@mdpi.com>

Mon, Sep 14, 2020 at 12:26 PM

Reply-To: Glorain Long <glorain.long@mdpi.com>, JOltmC Editorial Office <joitmc@mdpi.com>

To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Cc: Sugiarto Koentjoro <sugiartokoentjoro@hotmail.com>

Dear Dr. Gunawan.

Thank you very much for resubmitting the modified version of the following manuscript:

Manuscript ID: JOItmC-920812 Type of manuscript: Article

Title: Managing Knowledge, Dynamic Capabilities, Innovative Performance:

Creating Sustainable Competitive Advantage in Family Companies

Authors: Sugiarto Koentjoro, Sri Gunawan \*

Received: 19 August 2020

E-mails: sugiartokoentjoro@hotmail.com, sgunawan@feb.unair.ac.id

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A member of the editorial office will be in touch with you soon regarding progress of the manuscript.

Kind regards,

**MDPI** 

JOItmC Editorial Office Postfach, CH-4020 Basel, Switzerland Office: St. Alban-Anlage 66, CH-4052 Basel

Tel. +41 61 683 77 34 (office) Fax +41 61 302 89 18 (office) E-mail: joitmc@mdpi.com

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# [JOItmC] Manuscript ID: JOItmC-920812 - Revised Version Received

1 message

Glorain Long <glorain.long@mdpi.com>

Mon, Sep 14, 2020 at 12:42 PM

Reply-To: glorain.long@mdpi.com

To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Cc: Sugiarto Koentjoro <sugiartokoentjoro@hotmail.com>, JOItmC Editorial Office <joitmc@mdpi.com>

Dear Dr. Gunawan.

Thank you very much for providing the revised version of your paper:

Manuscript ID: JOItmC-920812 Type of manuscript: Article

Title: Managing Knowledge, Dynamic Capabilities, Innovative Performance:

Creating Sustainable Competitive Advantage in Family Companies

Authors: Sugiarto Koentjoro, Sri Gunawan \*

Received: 19 August 2020

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We will continue processing your paper and will keep you informed about the submission status.

Kind regards,

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# [JOItmC] Manuscript ID: JOItmC-920812 - Accepted for Publication

1 message

Glorain Long <glorain.long@mdpi.com>

Mon, Sep 14, 2020 at 2:01 PM

Reply-To: Glorain Long <glorain.long@mdpi.com>, JOItmC Editorial Office <joitmc@mdpi.com>

To: Sri Gunawan <sgunawan@feb.unair.ac.id>

Cc: Sugiarto Koentjoro <sugiartokoentjoro@hotmail.com>, JOItmC Editorial Office <joitmc@mdpi.com>, Glorain Long <glorain.long@mdpi.com>

Dear Dr. Gunawan.

We are pleased to inform you that the following paper has been officially accepted for publication:

Manuscript ID: JOItmC-920812 Type of manuscript: Article

Title: Managing Knowledge, Dynamic Capabilities, Innovative Performance:

Creating Sustainable Competitive Advantage in Family Companies

Authors: Sugiarto Koentjoro, Sri Gunawan \*

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We will now make the final preparations for publication, then return the manuscript to you for your approval.

If, however, extensive English edits are required to your manuscript, we will need to return the paper requesting improvements throughout.

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## Kind regards,

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#### Dear editor & reviewers

Thank you for the review and suggestion for our article, we hereby attach the answer to your suggestion, hopefully according to your meaning. All changes in the manuscript are typed in red. Some of the the literature as follows:

#### I. Editor

We have added some literature related to sustainability with open innovation in this article:

- 1. Zhou, Z; Yang, Q; Dong, J. K. 2020.
- 2. Minjeong Oh; Xhoi, S. 2020
- 3. Chesbrough, H. 2003
- 4. Casprini, E; De Massis, A; Di Minin, A; Frattini, F; Piccaluga, A. 2017
- 5. Diaz-Diaz, NL; De Saa Perez, P. 2014

We expand the discussion on sustainable conditions with open innovation in family companies

In our study, it can be identified that there is a link to improving innovation performance in family companies by conducting open innovation. This can be seen from the results of interview (see section 4.3. Result: Innovative performance) & theoretical agregation (see section 5. Dicussion in proposition 4)

We do joint ventures with private companies in Taiwan to expand our knowledge...(IIA: the first son of the second generation)

We work with online distribution network & shoes distributor...(IIIB2: third generation eldest son)

The dynamic innovation capabilities of family members allow the "Ardiles" company to integrate innovative internal and external competences of the company and to encourage open innovation as the basis for project success & sustainable competitive advantage (Minjeong Oh; Choi, S. 2020)

## See section 6.1. Conclusion

Family companies that can increase the dynamic capabilities of family members, have the ability to explore and exploit internal & external knowledge (Lichtenthaler; Lichtenthaler. 2009) so that they can encourage open innovation for improving innovative performance to adapt in a dynamic environment

#### **Reviewers**

We also add literature according to reviewer suggestion and add some literatures related to case study, family companies, managing knowledge, dynamic capabilities and innovation performance to enhance horizons and clarify the discussion in our article.

Some of the literatures that we add as follow:

- 1. Leppa"aho, T; Plakoyiannaki, E; Dimitratos, P. 2015 (The Case Study in Family Business)
- 2. Kellermanns, F. W; Eddleston, K. A; Sarathy, A; Murphy, F. 2012 (Innovativeness in Family Firms)
- 3. Rondi, E; De Massis, A; Kotlar, J. 2017. (Unlocking Innovation Potential)
- 4. Saunila, M; Ukko, J; Rantanen, H. 2012. (*Innovation Capability*)
- 5. Alonso, A.D; Sengkok; O'Shea, M. 2019. (Dynamic Capabilities and Knowledge-Based Approach)
- 6. Ahmad, S; Omar, R; Quoquab, F. 2020 (Family Firm's Sustainable Longevity)

#### II. Reviewer 2

## 1. Originality

#### Reply:

We have added insight into why we use case studies in our research. As for some reasons are as follows (see section 3.1 case study)

- According to Tanja Leppa"aho., et al. 2015 (The case study in family business),
  Study case refers to theoretical assumptions with the aim of answering a series of spesific research question in family companies
- The quantitative approach was not used in our study because the objective data obtained were generally less available for family companies (Limitation in literature: Kellermanns, F. W; Eddleston, K. A; Sarathy, R; Murphy, F. 2012)

- Quantitative research involve many family companies which have different behavioral characteristics from one another and involved only a few responden 1 to 2 of CEO from each family company surveyed. The resulting data may be biased and tend to result in subjective data (Sharma, P et al., 2003)
- A single case study approach is used in this researh by conducting indepth interviews by involving 9 participants who were interviewed to get more detail interview results and tend to result in objective data (Cisneros, L et al., 2012)
- This single case study provides an explanation that is related to the phenomenon of the complexity of family companies in concerned with "Ardiles" sustainability competitive advantage
- Family company are unique & complex because each family company has a business management, corporate goals differently and each family member has a different level of opennes to their business conditions (Chirico et al., 2010; Eddleston et al., 2007). So a single case study that provides an indepth understanding of the phenomenon under study, can be clearly identified and more objective (Cohen; Crabtree. 2006)

#### 2. <u>Literature review</u>

## Reply

- 2.1 What is meant by the manuscript in this study is managing knowledge
- 2.2 The literature on managing knowledge which we include from the literatures in section 2.2: Theoretical background: managing knowledge.

The theory of managing knowledge in this article we take from the literature:

- Arregle et al., 2007 (social capital of family firms)
- Cohen; Levinthal, 1990; Lane; Koka, 2006; Vera; Crosnan. 2004 (Absorbtive capacity to accumulate knowledge)
- March. J. G. 1991; Gupta et al., 2006 (Exploration & Exploitation in organizational learning)
- Postrel, S. 2002; Chirico. 2008; Chirico; Salvato. 2008 (Shared knowledge, knowledge accumulation)
- Nonaka, 1991; Nonaka; Takeuchi.1995 (Knowledge-creating company)
- Birasnav et al., 2011 (role of knowledge management)

Theoretical contribution (see section 6.1 conclusion)

- Managing knowledge through the process of bundling & mobilizing knowledge can increase the dynamic capabilities of knowledge-based family members. This study explain how the process of managing knowledge in family business. This can enhance the orgaizational learning literature and related to the concept of increasing absorptive capacity as a transformation & exploitation ability to realize the capacity of knowledge possessed (Zahra; George. 2002; March, J. G, 1991; Lane; Koka.2006; Vera; Crossan. 2004)
- This study enhance the literature of dynamic capabilities of knowledge-based family member (Alonso et al., 2019)

Through the process of managing knowledge can improve the dynamic capabilities of knowledge-based family members and in turns will improve innovative performance

2.3 The inability of family companies to increase innovation may result in its failure to create sustainability competitive advantage

#### Reply

The addition of some quotes as follows: (see section 1: introduction):

Family firms are often reluctant to make investments (Cabrera-Suarez et al., 2001) to avoid risk, slow changing (Chirico; Nordqvist. 2010; Naldi et al., 2007) & tend not to share control with other family members (Chrisman et al., 2015) that will cause the inability to improve innovative performance.

The inability of family companies to increase innovation performance may result in its failure to create sustainable competitive advantage This may be due to the incapability & unwillingness to seek, share & transfer knowledge (Cabrera-Suarez et al., 2001; Zahra et al., 2007)

#### 2.4 Reply

- Case study

Each family members in family business have varies in term of their cognitive knowledge in making decisions. This make it difficult to obtain data under the study related to how family firms manage knowledge and improve innovative performance. A single case study provides an in-depth understanding of the phenomenon under the study that can be clearly identified (Cohen; Crabtree. 2006)

Linkage between managing knowledge - dynamic capability –
 Entrepreneurship orientation in theoretical background

#### Reply

We added some citations to complete the theoretical background:

 Knowledge creation can build new thinking to improve the dynamic capabilities in managing the company's knowledge (Eisenhardt; Martin. 2000).

Dynamic capability is the company's ability to adapt rapid changes by creating, expanding, modifying, exploiting its own resources which are basically entrepreneurial behaviour to encourage innovative performance in order to maintain its sustainability (Helfat et al., 2007). Alignment between increasing dynamic capabilities and managing knowledge in family companies can create strategies for adaptation to environmental changes which can create competitive advantage (Alonso et al., 2019)

#### 3. Reply

3.1 We have added our transcrip regarding a single case that can't be generalized (see section 3.1 case study).

The single case study can not be generalized. The findings in the case studies contribute the building of knowledge & thoery. The findings can be used as a theoretical basis for future quantitative research to be generalized (Yin. 2014)

3.2 We have included the research question and research objectives in section 1: introduction

The quotes are as follows:

## Research question:

- How the actions that can be taken by "Ardiles" family members to manage knowledge to improve their knowledge based dynamic capabilities in order to increase innovative performance and create sustainable competitive advantage? (see also in section 3.2. Data collection)

#### Starting with the question (see also section 3.2: Data collection)

- How each family members manage the company so that they can develop their business unit until now and how the "Ardiles" family company works so as to increase production capacity, markets & has various models of footwear to deal with dynamic environments?

#### Research goals (see section I. Introduction)

- To answer the research questions: how the family members can improve their knowledge-based innovative performance to create a sustainable competitive in "Ardiles" family company.
- Provides a broader understanding of literature in the context of managing knowledge in family companies
- This study enhance the understanding of literature entrepreneurial orientation and creating knowledge based innovative performance

#### 3.3 Reply

- Data collecting through one-on-one interviews from 9 participants of "Ardiles" family company that consist of 7 family members from generation 2, 3 and 2 professional participants involved in their family business. The audio recording devices were used to document the details of the information obtained from participans (Eisenhard, 1989)
- Type of question see reply 3.2

# **Expert Panel**

 Interview manuscripts and results in this study were examined by involving 2 experts panel in the field of family business who also lecturers at Universitas Airlangga, Surabaya, Indonesia

Judge: see reply3.3 (expert panel)

#### 4. Results

## Reply

- 4.1 Quotes from the interviews in Italics font already done
- 4.2 See reply 3.4

We have corrected only in managing knowledge to make it the same meaning

4.3 We also have corrected to be innovative performance where innovation is one of the important factor of entrepreneurial orientation

Performance based on innovation, we define as innovativive performance

5. We have done proofreading of this article

## III. Reviewer 3

#### Reply

- I have corrected the meaning of the title by adding the sentences "The Ardiles Case" below the title
- I have corrected by adding more detailed sentence that can answer your point (See section 2.1 Family company). The additional sentence as follows:
  - ...with shareholder in all 2nd generation males (4 males) and management of company decision-making is carried out by family members who have blood ties in accordance with the given authority
- In section 3.2 (line 266-271 at article before updating)

I have corrected with the following additional sentence:

The resulting themes were compared to identity the relationship that may arise along the dimensions: managing knowledge by thoritical agregation (Kotlar; De Massis. 2013)

See more detail in replyreviewer 2 (3.4)

#### Reply

We have added the family tree in table 4 in section 3.1

- There are no figures in this article and we have corrected it
- "Ardiles" is a non public private family company
- There is no board of director, company management is carried out by family members who have blood ties

- I have added the literature that you proposed
  - o Rondi et al., 2017
  - o Kellermanns et al., 2012

# IV. Reviewer 4

Thank you for your assesment of our article