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Orchestration to improve the performance and sustainability of family companies

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Abstract: The purpose of this study is to identify the efforts made by family businesses to develop knowledge resources in order to improve innovative performance and market adaptability. This study employs a single case study exploratory design, with "indepth interviews" conducted with 9 participants from three companies in one group in Indonesia. The findings revealed a process of developing human and social capital resources to expand the company's knowledge resources. Other findings identified the critical processes of empowerment and authority coordination. It was used to establish a family business that encourages generational involvement and is capable of supporting the process of increasing knowledge resources. It was used to establish a family business that encourages generational involvement and is capable of supporting the process of increasing knowledge resources. Furthermore, this research can be a foundation for encouraging resource orchestration in family businesses to increase sustainability. It is one of the studies that integrate resource orchestration theory with management knowledge and explains the importance of creating a conducive family business for sustainability due to generational involvement.

Subjects: Information / Knowledge Management; Strategic Management; Entrepreneurship; Asian Business

Keywords: Family company; managing conflict; managing knowledge; resource orchestration; corporate sustainability; corporate strategy

1. Introduction

Family businesses are commercial enterprises in which multiple generations, related by blood, marriage, or adoption, influence decisionmaking. They can influence their vision and willingness to pursue distinct goals (Chirico & Nordqvist, 2010). According to Napolitano et al. (2015), one of the significant challenges that family businesses face is maintaining profitability and sustainability from generation to generation (As a result of poor resource management to continuously boost sustainability, only 30% of the second generation and 13% of the third generation survive (J. Ward, 2011).

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Furthermore, a lack of understanding company managers' strategies for exploring, combining, and utilizing market resources hurts business performance (Sirmon et al., 2011). According to Sirmon et al. (2011), Chirico et al. (2011), and Ndofor et al. (2011), family companies need to adopt actions capable of facilitating the effective management of the resources portfolio to trigger innovative performance.

A resource orchestration framework focused on managing the portfolio of tangible resources requires entrepreneurial oriented manager actions through structuring the portfolio of owned resources, bundling resources to build capabilities and leveraging resources to increase capabilities to produce innovative products (Sirmon et al., 2011).

Due to globalization, the rapid change in the economic environment necessitated adopting an efficient resource orchestration process capable of adjusting to market requirements (Burin et al., 2020). Therefore, based on this condition, intangible assets such as knowledge possessed by each individual in the company aid in discovering and integrating resources to achieve a competitive advantage.Furthermore, these assets are essential for developing establishments (Woodfield & Husted, 2017).

According to Rohde and Sundaram (2011), companies can adapt to environmental changes if they can increase knowledge that is constantly updated from time to time to create a competitive advantage. After the second generation, any family business failed due to members' incapability and unwillingness in the succession process to seek, share and transfer knowledge (Zahra et al., 2007).

Managing knowledge through bundling and mobilizing knowledge can increase innovative performance to create new products in family companies (Koentjoro & Gunawan, 2020). The search for knowledge is not only obtained from internal companies. It often requires recombination with knowledge obtained by accessing new ideas and knowledge beyond their boundaries from external companies by opening open innovation opportunities for efficiency (Mina et al., 2014). Elia et al. (2020) and Sengupta and Sena (2020) stated that open innovation improves the company's innovative performance by building relationships with external partners to reduce investment costs and risk.

In this research, we integrate knowledge resources with other resources needed through a resource orchestration process to improve the sustainability of family companies. In addition, a conflict management strategy is needed due to the generations' involvement in supporting the process of resource orchestration in family companies. It is because family firms have unique characteristics, including family involvement in business and long-term strategic orientation (Chirico et al., 2011; Gómez-Mejía et al., 2007), that family firms are fertile places for conflict (Harvey & Evans, 1994).

Conflicts in family companies may be caused by differences in the managerial abilities of Human Resources (HR) to improve company performance. Differences in abilities among family members can lead to dilemmas in determining organizational structure (Kor & Mesko, 2013) and determining HR bundling (Sirmon et al., 2007, 2011).

Therefore, efforts are needed to merge the different managerial abilities in the same business unit to determine the successful transition from the second to the third generations. In addition, different perspectives regarding the members entitled to lead the business unit also lead to conflicts, which become destructive when unresolved (Jehn, 1995, 1997). Differences in emotional opinion due to interactions between family members occasionally hinder sharing and accumulating of knowledge (Chirico, 2008; Trevinyo-Rodríguez & Bontis, 2010). Proactive action is needed to develop a conflict-free management system to boost family cohesion, thereby creating future businesses that adapt to a dynamic environment (Claßen & Schulte, 2017). In addition, knowledge is easily shared when these competitions and conflicts are appropriately managed (Eddleston & Kellermanns, 2007).

Only a few studies have been devoted to comprehensively understanding conflict management strategies by managing intangible resources (especially knowledge) in the process of resource orchestration in family firms. Research on resource orchestration Chirico et al. (2011) involving participatory strategies to synchronize with entrepreneurial orientation specifically was the first attempt to be explicitly implemented in family firms. It also involves participatory approaches synchronized with an entrepreneurial orientation by explicitly implementing this type of business (Chirico et al., 2011).

Our research is qualitative. It is qualitative research with a fundamental single case study approach used to analyze a private company owned by the "Ardiles" in Indonesia, which focuses on selling footwear. Even though it is a single case study, the research involved three companies in 1 "Ardiles" group, with business units in each company that mutually support the parent company's supply chain. Ardiles, which is a footwear-selling company was established in 1942. It has been operating for 78 years and has developed into three companies with nine business units. This family company is unique, with the shares belonging to all four sons of the 2nd generation. It involves family members from several generations to make decisions in each business unit it manages. The company has maintained harmony and continuity in the business, which involves almost all 2nd and 3rd generation members. This unique attribute is examined in this study.

This research offers the following contributions. First, it broadens the analysis of resource orchestration (Sirmon et al., 2007, 2011). Ensuring that managing conflicts among family members boost intangible resources, particularly by acquiring adequate knowledge of the company to maintain its sustainability, is understood. Second, compared to the research by Chirico et al. (2011), which was conducted through a survey method of 199 family companies in Switzerland using only 2 participants from each family company, our research offers more in-depth findings and has data reliability through a single case study in an Indonesian family company involving 9 participants. Third, it broadens the conception of conflict management in this context by advancing the debate on previous studies that reported mixed results due to generational involvement. This process was also carried out by assigning different responsibilities among family members (Eddleston & Kellermanns, 2007; Eddleston, Kellermanns et al., 2008). The interesting paradox is that all family members are expected to participate in decision-making in the various business units (Chirico et al., 2011; Eddleston, Otondo et al., 2008).

2. Literature review

2.1. Family company

The ownership and management of this type of business play a significant role in identifying and dedicating the resources needed for innovation and sustainability because the members involved in the decision-making process generally hold top executive positions. In addition, they are primarily concerned with the income generated and ensuring togetherness among members to create a better life, which is realized through hard work from childhood to adulthood (Zachary, 2011).

Conversely, working in such companies plays a significant role in controlling employees' destinies because the ownership of this type of business tends to offer a long-term perspective, which allows a family company to dedicate the resources needed for innovation and risk-taking, thereby encouraging entrepreneurship (Miao et al., 2017). Product innovation reflects the tendency to boost creativity, modifying existing and new products according to current and future market needs (Koentjoro & Gunawan, 2020; Lumpkin & Dess, 2001).

Fundamentally, these companies are a framework for family and business activities. According to J. L. Ward (1987), one of the adverse effects of its long-term sustainability is members' interest during the decision-making process, not based on anticipated environmental changes, along with their ability to cope with innovations in the business life cycle, consisting of different developmental stages (Gersick et al., 1997). Family involvement is the primary source of conflict, often referred to as "conflict fields" (De Massis et al., 2015; Qiu & Freel, 2019).

These establishments can maintain their sustainability by supposing certain acknowledged aspects and resolving the differences in the behavioral expectations related to family and business identities. Its role or implication is to understands the differences between professionalization and behavioral expectations associated with family members and business owners (Shepherd & Haynie, 2009

Furthermore, differences in emotional opinions affect shared norms and values in the family company, thereby hindering the occasional sharing and accumulation of knowledge (Trevinyo-Rodríguez & Bontis, 2010). Meanwhile, the ability to resolve conflicts increases family cohesion and trust, which encourages members to act in their best interest (Kidwell et al., 2012). Alonso et al. (2019) stated that a conducive environment triggers the capabilities that offer a different path through knowledge-based innovation to adapt to uncertain circumstances. These industries often dare to defend their freedom based on their ability to handle economic and non-economic problems (Gómez-Mejía et al., 2007).

2.2. Managing conflict in family companies

Generally, family businesses face common issues, and intergenerational involvement is one of the significant factors (Bilgiardi & Dormio, 2009; De Massis et al., 2015). However, when siblings are brought into the family business as employees, the environment becomes more heterogeneous due to potential differences in perceptions, goals, and future directives (Harvey et al., 1998). Kellermanns and Eddleston (2004) stated that the difference between family members and businesses is also associated with the source of conflict.

Furthermore, competition between siblings, marital incompatibility, and identity issues also lead to conflicts among members. The share ownership, spread over several generations, means that each family faction tends to have different perspectives and desires (Eddleston, Otondo et al., 2008), which increases the potential for conflict and hinders business innovation (Gersick et al., 1997).

According to Harvey et al. (1998), conflict occurs among different generations in the family unit regarding authority, decision-making, succession planning, salaries, and rewards. Cognitive conflict is a psychological state caused by decision-makers' inability to understand and anticipate environmental changes, which leads to a lack of focus on company goals and strategies (Jehn & Bendersky, 2003; Kellermanns & Eddleston, 2004). Therefore, cognitive conflict in family businesses needs to be managed appropriately. It avoids its deterioration into destructive conflicts related to difficulties in interpersonal relationships, uncertainties, and increased negative emotions that damage the potential benefits of group interactions (Jehn, 1995).

The interpersonal conflict reflects personal incompatibilities, prevents family members from realizing business goals (Eddleston & Kellermanns, 2007), and affects performances (Caputo et al., 2018). Conversely, other factors that trigger interpersonal conflict include a lack of understanding and non-adherence to company values and culture, threatening interpersonal relationships among members (Erdem & Baser, 2010). Furthermore, it consists of an unclear division of duties and responsibilities, including overlapping authorities, leading to disputes (Kets De Vries, 1993).

Conflicts negatively affect decision-making and reduce company performance because members are often hostile (Eddleston & Kellermanns, 2007; Rizzotti et al., 2017). During disputes, family companies face the dilemma of long-term survival based on various challenges, such as problems related to succession (Kets De Vries, 1993). Subsequently, successors' competence also causes disputes and adverse effects due to a lack of cohesiveness and conflicting interests. The assigning of authorities and division of responsibilities rapidly boosts effective decision-making and encourages investment in business units managed by each family member, thereby leading to growth (Eddleston, Kellermanns et al., 2008).

On the contrary, generational involvement requires a strategic consensus-seeking process (Covin et al., 2006; Dess et al., 1997). Implementing a team-based participatory strategy as a coordination mechanism is associated with the management of conflict, which aids in avoiding poor information flow and increases generational involvement (Chirico & Nordqvist, 2010; Eddleston & Kellermanns, 2007; Ling & Kellermanns, 2010).

According to Kidwell et al. (2012), it is crucial to minimize and resolve interpersonal conflicts because it causes family members to limit themselves from participating in the company business. Furthermore, constructively managed conflicts offer the impetus for change and increase innovation, productivity, and knowledge-based alternative value creation, strengthening these firms' directives to realize set goals (Harvey et al., 1998).

2.3. Managing knowledge

Knowledge is an awareness gained by experience. It is also an intangible resource either possessed or acquired by the efforts of each individual (Chirico, 2008; Woodfield & Husted, 2017). The new insight obtained from its accumulation is the basis for innovation shared among the management (Song et al., 2012). However, information acquisition is boosted based on three factors: managerial human, social capital, and cognition, influencing managers' strategic and operational decisions (Kor & Mesko, 2013).

According to Miao et al. (2017), human capital resources and knowledge-based social capital enhances company performance. Developing knowledge obtained from human capital, namely education, training, experience, and other external resources, is a valuable asset for companies to develop business innovations and strategies to improve their performance. Likewise, social capital facilitates the channel through which external knowledge and resources are acquired to enhance exceptional performance (Covin & Slevin, 1991; Miao et al., 2017).

The intensive exchange of information among leaders supports the diversity of knowledge and different orientations, leading to arguments and enforcement, which are used to review initially ignored factors (Kellermanns & Eddleston, 2004). In family enterprises, the subsequent generation tends to acquire knowledge from the previous ones, which is enhanced through education and personal experience gained both in and out of the company (Chirico, 2008; Kellermanns & Eddleston, 2004). Koentjoro and Gunawan (2020) stated that a managing knowledge framework is carried out using the bundling and mobilization processes to boost the performance of this type of business.

The bundling process carried out by internal, external, and managerial cognition enhances knowledge resources in family enterprises. Implementing knowledge through a knowledge mobilization process in family companies can increase creativity in creating new ideas to produce new products so that they can adapt to the market. Companies that can gain knowledge from external ideas encourage open innovation to support internal ideas.

By recombining internal and external knowledge, it can increase innovation breakthroughs and adapt to the market (Radziwon & Bogers, 2019). A family company that enhances knowledge boosts existing resources and creates new ones. Companies that integrate their resources in the resource orchestration process can increase their innovative performance and maintain their existence longer (Chirico et al., 2011; Sirmon et al., 2011).

2.4. Resource orchestration

Resource orchestration theory is a development of the Resource-Based View where competitive advantage is explicitly supported by rare, valuable, inimitable, and non-substitutable (VRIN) resources(Barney, 1991). Subsequently, family-owned resources are not a guarantee for exceptional performance; instead, they need to be explored, accumulated, and transformed by company managers to create value and increase profits (Chirico et al., 2011; Morrow et al., 2007; Priem & Butler, 2001; Sirmon et al., 2007, 2011). Therefore, enhancing knowledge acquired through human and corporate social capital boosts the capability to combine and implement resources to realize company goals (Cabrera-Suárez et al., 2001).

The success of resource management is highly dependent on the quality of the resources owned and on how to synchronize them in their management (Holcomb et al., 2009). Companies in developing countries that combine "big" data with existing resources create value based on its orchestration under entrepreneurial orientation (Zeng & Khan, 2019). Conversely, other studies reported that ambidexterity and competency in information technology permit resource orchestration to boost supply chain flexibility (Burin et al., 2020).

Sirmon et al. (2011) pioneered the flow of resource orchestration theory by integrating entrepreneurial orientation to logically related asset orchestration (Adner & Helfat, 2003; Helfat et al., 2007) and resource management (Sirmon et al., 2007) to improve company performance. Sirmon et al. (2007); (2011)) stated that resource orchestration focuses on the effective management of tangible resources by the actions of the company manager through 1) The technique of structuring the resource portfolio with sub-processes, such as acquiring, accumulating, and divesting resources, 2) Bundling process which leads to the emergence of capabilities with sub-processes, namely Stabilizing (minor additional fixes), Enriching (expanding existing capabilities), and Pioneering (creating new capabilities), and 3) Capability leveraging approach with sub-processes, such as mobilizing (referring to the ability to create the required capability configuration), coordinating (integrating the personal capability configuration), deploying (exploiting the advantages of the existing resources and market opportunities).

The managers' role in managing company resources is similar to that of conductors in regulating orchestration instruments to create a competitive advantage (Liu et al., 2013; Teece, 2007). Based on the empirical research carried out by surveying 199 family companies in Switzerland, it was discovered that combining personal qualities through the resource orchestration process by utilizing entrepreneurial orientation enhances family companies' success (Chirico et al., 2011). It further identified the application of participatory strategies to manage conflict due to generational involvement and efforts to synchronize the factors associated with entrepreneurial orientation, namely innovation, proactivity, and risk-taking, to enhance company performance(Miller, 1983).

3. Research methods

3.1. Case study

This study explores research gaps related to how conflict management strategies and knowledge management frameworks (Koentjoro & Gunawan, 2020) can integrate knowledge resources with other resources in supporting the resource orchestration process to increase sustainability in family companies. De Massis and Kotlar (2014), Leppäaho et al. (2015), and Yin (2003) stated that a case study is a methodology with a qualitative positivist approach; therefore, it is suitable for this research because it permits an in-depth investigation of these phenomena.

According to De Massis and Kotlar (2014), family businesses are heterogeneous and involve multiple theoretical approaches and analyses that cannot be captured through quantitative methods. Initially, the case study started with the assumption of objectivity related to positivism, which consists of a set of predetermined steps for data collection and analysis with emphasis on the generation of new empirical theories in the form of testable propositions (Eisenhardt, 1989; Kotlar & De Massis, 2013).

Identifying research questions is an essential preliminary step in proposing a theory from a case study. Therefore, the large volume obtained does not overwhelm the focus on the data used

(Mintzberg, 1979). The qualitative character of this type of research results provides a weak basis for generalizations. In addition, it offers valuable comparison material for in-depth analysis of the phenomenon under study (Eisenhardt, 1989; Yin, 2014).

3.2. Case selection

Selecting suitable cases capable of resolving phenomena and theoretical sampling is essential in the single case study approach (Eisenhardt, 1989; Graebner & Eisenhardt, 2004; De Massis & Kotlar, 2014). The case sample selected was the family company of the "Ardiles" for several reasons. Firstly, it started as a small shop and has expanded to a large company with three other companies with nine business units within its 78 years of existence while dealing with the same commodity (footwear). Afterward, it has been expanded to involve almost all members of the second and third generations in their management. Secondly, it is highly accessible; therefore, essential personalities in the company, including family members and external professionals, are usually interviewed.

This research method offered an opportunity to explore the data acquired in this research. In other words, there is a possibility of carrying out holistic case studies by taking advantage of the opportunities to explore significant phenomena in rare conditions, such as in the research by De Massis and Kotlar (2014) and Salvato et al. (2010).

3.3. Data collection

According to Creswell (2013), data collection is an important step involving engaging and developing a relationship with the participants, discovering the research location, and accessing the right persons. In this research, data were collected through a semi-structured one-on-one in-depth interview, which enabled respondents to share their ideas privately without being noticed by others (Cisneros et al., 2012; Eisenhardt & Graebner, 2007). The initial question was based on the strategies implemented by conflict management in the various business units of the "Ardiles" family company and its sustainability. It was followed by questions on product innovation and its adaptability in the market. The data realized from the three companies, their respective business units, year of establishment, and fields are shown in Table 1. The data collected from the 9 participants, including ownership status, age, involvement, and role in the business unit, are shown in Table 2.

Furthermore, four core participants shareholders,the first, the 3rd, and fourth sons of 2nd generation (2.1, 2.3, 2.4) and the 3rd generation, the first son of the late 2.2 (3.1 (2.2)), were interviewed. The interview was carried out in 2 to 4 sessions, each lasting approximately 1 to

Table 1. Data of 3 companies comprising of 9 business units, year of establishment, and business fields

"Ardiles" initial company was founded in 1942			
Data of 3 companies	**9 business units**	**Year of establishment**	***Business Fields***
1. A	1. A 1	1986	Footwear industry
	2. A 2	1995	Footwear industry
	3. A 3	1996	Developing & marketing "Ardiles" & footwear products
2. B	4. A 4	2007	Footwear industry and raw materials
3. C	5. B1	1988	Footwear industry
	6. B2	1995	Footwear raw material industry
	7. B3	2008	Footwear industry
	8. B4	2013	Footwear industry
	9. C1	2009	Footwear industry and raw materials

Table 2. Data from 9 participants, comprising of family, ownership status, age, involvement & role in the business unit

	Participants	Family & ownership status	*Age*	*Involved in the family business*	Role in the unit business
1	2.1 *	2nd generation, first son/shareholder	77	60	Managers A2, C1
2	2.3 *	2nd generation, third son/shareholder	71	53	Managers B1, B2, B3, B4
3	2.4 *	2nd generation, fourth son/ shareholder	62	42	Manager A1
4	3.1 (2.2) *	3rd generation, first son of the late 2.2 (2nd generation, second son)/shareholder	46	22	Manager A3
5	3.2 (2.2)	3rd generation, second son of the late 2.2	37	13	Manager A4
6	3.1 (2.3)	3rd generation, first son of 2.3	40	17	Manager B4
7	3.2 (2.3)	3rd generation, second son of 2.3	37	13	Manager B3
8	P1	Professional/other than family members	52	29	Head of production B1, B2
9	P2	Professional/other than family members	52	30	Head of production B3

*Core participants

2 hours. Conversely, the other participants, namely 3rd generation, second son of the late 2.2, 3rd generation, first son of 2.3, 3rd generation, second son of 2.3, Professional/other than family members [P1], Professional/other than family members [P2]) was interviewed in 2 sessions, with an average duration of 1 to 1.5 hours. The companies' names and participants' initials were written based on their respective concepts.

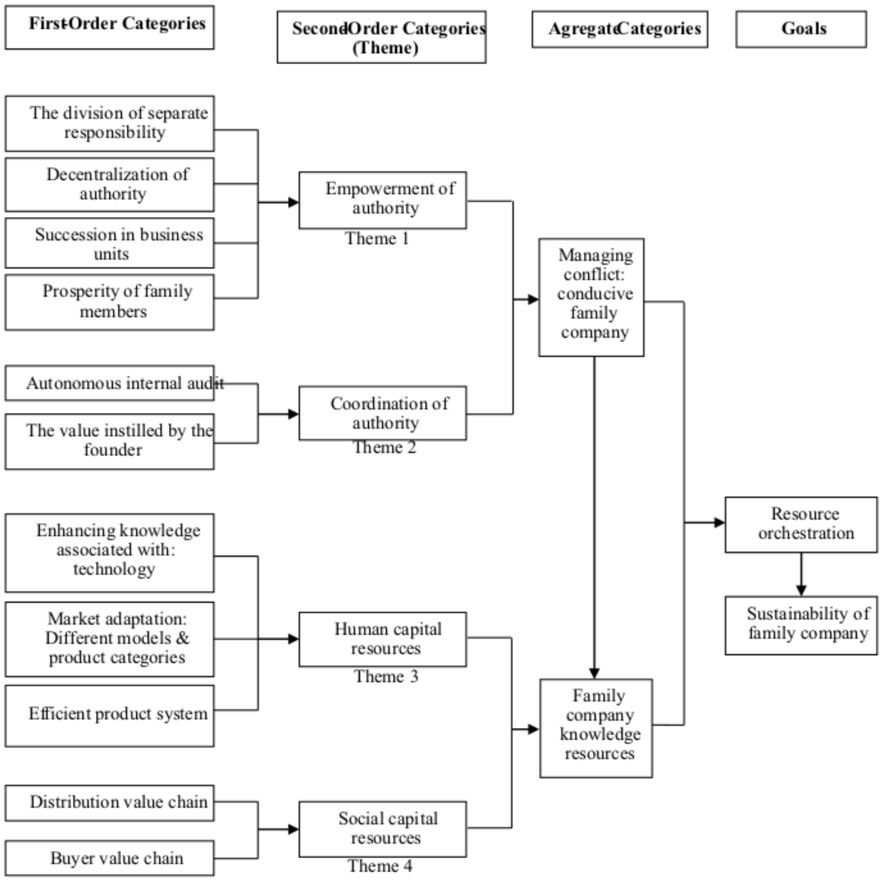
3.4. Data analysis

Data were analyzed based on the open and axial coding processes of De Massis and Kotlar (2014) and Creswell (2013). Collecting regular and transparent data obtained through recording, listening to interviews, and conducting repeated qualitative analyses makes it possible to make continuous changes to aspects of the design to identify relevant problems.

This step involves encoding the data by marking parts of the text with similar messages to keep track of the previous categories (Creswell, 2013). The open coding activity was used to identify the transcript based on the concepts relevant to the different categories. Furthermore, categorical aggregation was used to re-classify the data into fewer groups. The open coding process was manually carried out without any special coding software because the number of interviews was limited, semi-structured, and brief. The following process involved axial coding, which was used to determine the relationships between emerging categories collected into themes to obtain a more detailed description than the literature concepts (Kotlar & De Massis, 2013; Strauss & Corbin, 1998).

Additional interviews were carried out till data analysis failed to disclose new relationships. Therefore, based on the literature concepts, it was concluded that the relationship between the four themes, namely empowerment, coordination of authority, human, and social capital resources with various

Figure 1. Conceptual Framework of Resource Orchestration in Family Business.



dimensions (conducive family company, knowledge resources of family company), act as a theoretical aggregation (Kotlar & De Massis, 2013). The results of this study and the strategies needed to improve family companies' sustainability are shown in Figure 1.

This study's identification of theories/conclusions is based on data analysis that supports both categories and themes (Eisenhardt & Graebner, 2007). Furthermore, this study aims to continuously compare the iteration theory to determine the existing data using the theoretical triangulation process (Eisenhardt, 1989). Therefore, to avoid the possibility of retrospective subjectivity between the author and respondents, data were collected from 9 key participants through one-on-one interviews and clarified using the triangulation method. The study results were also examined by a panel of 2 experts in family businesses.

4. Findings

4.1. Theme 1: empowerment of authority

According to data obtained through the representative quotations from interviews, four emerging categories were identified: the division of separate responsibilities, decentralization of authority, succession in business units, and prosperity of family members. These categories are related to theme 1: Empowerment of authority, as shown in Figure 1.

4.1.1. The division of separate responsibility

This research shows the strategies used by family companies to divide separate responsibilities for each second-generation family member to manage their respective business units. The interview results with participants of the second generation, fourth son: 2.4 indicated that in the "Ardiles," there is a separate division of responsibilities from members in each family company that has been jointly assigned with each manager responsible for their respective business units. With clear responsibilities among second-generation family members, potential conflicts are avoided.

" ... second and third-generation agreements ... because they desire to be more focused in handling A1 business units by taking absolute responsibility, the 2nd generation, third son/shareholder are in charge of B1, B2, B3, B4 and needs to take full responsibility. 3rd generation, first son of the late 2.2 handle and take absolute responsibility for A3" (2.4: 2nd generation, fourth son/ shareholder) ... "

The separate responsibility strategy is supported by the interview result data from professionals P2, whereby production managers in B3 business units show that each second-generation family member has separate responsibilities and does not interfere with those managed by other family members.

" ... Since 1985, Company B has already been in the hands of the manager (2nd generation, third son/shareholder) without involving the other authorities

4.1.2. Decentralization of authority

A decentralized system of authority is also implemented in family companies to support the distribution of separate responsibilities for members in managing their respective business units. The Decentralization of the authority management system in the "Ardiles" has been carried out jointly to fully transfer authority to the business units to increase the innovation of each manager.

According to the second generation of the third son (2.3), a decentralized system of authority has been implemented in their business units. Therefore, managers can quickly decide and implement business strategies in each unit they manage, intending to raise the progress of the family companies. With the Decentralization of authority, managers can decide their business strategy responsibly hence, without causing conflicts with other family members.

" ... In the past, finance was controlled only by those at the center ... hence, the company had to make a difficult decision during meetings, and was unable to take action, thereby leading to several bureaucracies ... over time, the way of thinking changed, while the proposed decentralization was implemented ... the idea is ... supposing loses are recorded, the investor needs to be responsible, in the end, everything tends to be carried out ... by an agile, and more enthusiastic individual."

According to 3rd generation, first son of the late 2.2, the decentralization of authority has been implemented by each business unit manager by improving performance to create profits. " ... with this existing system, manager A is in charge of business unit A. Therefore, a certain percentage of the profit from the company belongs to the manager. This decentralization of authority is similar to the strategies used to manage business unit B. Therefore, these two managers felt like they owned the company, which made them fight themselves without intervention from other family members ... In A4 business unit, decisions are made by an individual, and the approval of others is not sought for ... an individual handles the entire responsibility."

According to the second generation of fourth sons (2.4), the decentralization of authority, such as decision-making related to production, marketing, and investment, has been submitted to each business unit manager in the "Ardiles" family company. This decentralization of authority includes those in the A1 business unit, which is managed by 2.4; hence, strategic decisions are quickly made. Decentralization of authority reduces potential conflicts due to different views in making decisions." . . . Production, marketing . . . investment and finance are left to each business unit . . . . differences in opinion are not frequent due to independence (in each business unit)."

4.1.3. Succession in business units

In a family company, leadership succession is crucial in maintaining harmony among members due to the inevitable generation transfer of authority. Therefore, through this research, it is identified that the family company "Ardiles" has implemented a succession system from one straight line of descendants, such as parents as the manager of the business unit passed on to the children.

According to the second generation of the third son/shareholder, it is easier for business unit managers to place their children based on their talents/fields of interest following the available positions in the business unit they manage. Furthermore, business unit managers can more freely place and prepare their children to be able to manage the business unit professionally.

" . . . they (children of the third generation) were asked to join (*njalokmelok*) their father . . . because their orders and teachings are easily understood, unlike when teaching someone else's son, particularly when scolded." (participant 2.3)

The succession of children in business units managed by their parents is also indicated by 3.2, second son of 2.3 and 3.1 (2.2). According to them, although it is not explicitly and implicitly stated, in reality, the succession of business units in the "Ardiles" is carried out based on the family ties of the father (second generation) to children (third generation). According to 3.1 (2.2), makes it easier for parents to pass on the business unit's vision to their children by creating a conducive climate and supporting success to continue the succession process.

" . . . Mr. (2.3) is the person in charge of B1, B2, B3, B4, and the children 2.3 of the 3rd generation, first son of 2.3 needs to be involved in B4, . . . the director of PT. A is Mr. (2.2) (deceased) . . . the sons of 2.2 in A3, A4." " . . . Presently the business units are similar to those handled by the respective managers . . . . with their children employed because each parent has a vision of passing down power to their respective children . . . "

As a triangulation of data sources in this case study research, data was extracted from P2 professionals as production managers in B3 business units. This means that participant 2.3 manages B1, B2, B3, B4. All children of the 2nd generation, third son (2.3) are involved in each business unit managed 2.3. It indicates that the child's responsibility is to continue their parents' business. In other words, each business unit in the Ardiles family business is passed on to the manager's children.

" . . . This is a family company; it needs to be passed down from one generation to another . . . " (participant P2: Professional/head of production in the B3 business unit)

4.1.4. Prosperity of family members

According to informants 2.3, 2.4, and 3.1 (2.2), efforts to support succession in business units tend to run effectively to achieve its vision for the welfare of family members by distributing dividends to shareholders, rewards to business unit managers, and salaries and bonuses. The corporate vision set to maintain harmony among family members is to make each business unit a profit center. Therefore, all family members can enjoy benefits in the business unit by rewarding managers capable of creating profits and distributing dividends to shareholders. It is carried out to fulfil a sense of justice for family members to get positive praise for jobs adequately performed. Sharing results with non-contributing family members generates jealousy, leading to division and undermining increased innovation and proactivity.

" ... Those that work to earn money, as well as the unemployed ones (shareowners) get dividends." (participant 2.3)

" ... this individual received a salary from another unit ... all those employed are rewarded ... (assuming there is profit) (rewards), there is more distribution for business unit executors." Informant (2.4)

" ... which ensures that the prosperity of family members needs to be considered, to maintain unity, and prosperity ... " Informant 3.1 (2.2).

By the data structure, it is evident that the "Ardiles" family company indulges in the empowerment of authority in its business operations. It was achieved by dividing separate responsibilities, implementing decentralization of authority, granting child succession authority in each unit, and improving the prosperity of the family members.

4.2. Theme 2: coordination of authority

The two emerging categories are independent internal audit and the value instilled by the founder related to theme 2. Coordination of authority was identified through representative quotations from the interviews, as shown in Figure 1.

4.2.1. Independent internal audit

This research shows that "Ardiles" conducts internal audits autonomously as a coordination process in all business units of the family company. Therefore, carrying out an independent internal audit encourages the management of each business unit to be more transparent, open, and prudent.

The second generation of fourth sons (2.4) acts as family inspiration in carrying out standard operating procedures (SOP), which obliges all business units to prepare financial reports by the SOP established by the company as the initial stage of implementing internal audit.

" ... there is a Standard Operational Procedure, every month members are aware of the financial statements of each business unit, ... " (2.4)

According to family members of the third generation 3.2 (2.3), the "Ardiles" business has an autonomous division, namely the Administrative Control Center (PCA). This division aimed to carry out an independent internal audit in each business unit to generate transparent financial reports accessible to all family members involved. An internal audit is a performance control mechanism in each business unit.

".However, during this time, the intervention carried out in business units is limited to PCA (Administrative Control Center). Therefore, those not employed in the company are only identified by checking the financial statements through the PCA and annual dividends ... " 3.2 (2.3).

According to 3.1 (2.2), independent internal audits are carried out in all business units of the "Ardiles" family company as a consequence of using a decentralized system of authority in business units. Furthermore, it uses an autonomous internal audit management control mechanism to account for the actions of each business unit manager without creating mutual suspicion between family members. Internal audits control financial statements in each business unit, accessible to all family members monthly.

" ... The check & balance for each business unit is referred to as dividends, the internal audit's job is to collect all financial reports ... while family members simply ask them to access and requests for it monthly ... " 3.1 (2.2).

The role of internal audit in this company is supported by professional participant P1 as production manager in unit B1, with B2 indicating that, through internal audit, all business activities are controlled from production records, expenses, and many other activities. With an independent internal audit, all business units and family members can access the financial reports openly and fairly; hence, each business unit is professionally managed.

" … A PCA is used to monitor all groups' financial reports and administrative processes from sales, production, and daily purchases. Furthermore, all data is entered into the PCA and monitored independently in different company units monthly … " (P1: Professional/head of the production business units B1, B2).

4.2.2. The value instilled by the founder

As the second generation, the first son 2.1 stated that brotherhood must be prioritized when building a family business. Siblings need to give in to each other without fighting. The value instilled by the founder tends to motivate " Ardiles " family members to maintain harmony in the various business units to this day.

" … Knowledge or information is passed down from parents to their children, for instance, mothers tend to advise, siblings, to avoid several conflicts … " (2.1)

The value instilled by the founder was also implemented by 2.4 (2nd generation fourth son) when faced with issues of disagreement that led to conflicts with other family members, especially those related to finances. Participant 2.4 also remembers his mother's advice on not focusing on money because being greedy with money causes divisions among family members. It made him and others respect each other's opinions.

" … my mother usually taught us the importance of unity, . we need to respect each other because money is the root of all evil and tends to destroy the bond of brotherhood, therefore it has to be avoided." (2.4).

The message from the founder is also passed on to the second and third generations as a value that needs to be preserved for future generations. According to informant 3.1 (2.3), brotherhood is essential apart from working hard to develop the business.

" … The second-generation always taught the 3rd to get along with their brothers … "3.1 (2.3).

These findings also show that the "Ardiles" family company is also involved in coordinating authority by conducting an independent internal audit and instilling the founder's values. An

3.3. The relationship between family companies is conducive due to generational involvement with knowledge resources.

Based on the data structure obtained from interviews with participants 2.4 and 2.1, conflict management incites commitment to mutually improve and enhance knowledge to make the products, as shown in Figure 1.

" … in the 2nd generation, one of the participants and siblings have also had conflicts, based on different opinions, despite reprimanding each other … by continuing to, search for solutions. It increases knowledge sharing within the company … " (2.4)

" … in internal conflicts, the competition for models and designs aid in developing the company" (2.1)

Therefore, there is a link between conflict management strategies to create a conducive family company and knowledge acquired due to sharing their diverse ideas to enhance the company's knowledge resources.

4.3. Theme 3: human capital resources

The interview results with respondents in this research are categorized into 3: enhancing technology-related knowledge, market adaptation by increasing knowledge of the different models and product categories, and product system efficiency. The three categories are related to the increase in human capital resources (as theme 3) in the family company "Ardiles," as shown in Figure 1.

4.3.1. Enhancing knowledge associated with technology

The findings in this research indicate an effort by members of the "Ardiles" family to enhance knowledge associated with technology.

According to the third generation participant, 3.1 (2.2), there needs to be an effort for family members to continue to improve knowledge related to the use of current technology, both in the fields of production and marketing to compete with other competitors.

" … technology is still being developed, and needs to be properly studied to discover a suitable one for the company … " 3.1 (2.2). Other third-generation family members support it.

". … . various exhibitions in China … shows the extent technology can be applied in factories" 3.2 (2.3).

4.3.2. Market adaptation: different models and product category

According to the second generation, fourth son, 2.4, and the third generation, 3.2 (2.2) participants, members need to be able to adapt to the market by continuously developing knowledge related to different models of products and its category to follow the current trend of footwear products absorbed by the market.

" … therefore, the company applied fashion models that exist in China" (2.4)

" … however, the development of competitors' product models in the market is evident, and serves as a reference for the company … it creates various models, which are classified into several categories … " 3.2 (2.2).

4.3.3. Efficient product system

According to the second generation, fourth son: 2.4, to face high competition in the footwear industry, family members need to increase their knowledge in implementing the efficient production system to compete in facing competitors in the market in terms of price, quantity, and quality of the product.

" … The models that are effectively sold in the market, including Chinese products are monitored. This enables them to learn from there to reduce cost and to improve product quality, to be absorbed by the market" (2.4)

This is supported by the interviews' results with the head of production in B1, B2: namely Professional: P1

" … from 2009 we (B1, B2, B3, B4) started the periodic renovation of machines to increase production efficiency" (P1).

These findings indicate a relationship between managing knowledge and increasing human capital resources in "Ardiles." It was obtained by increasing the knowledge of family members related to machine rejuvenation, following the development of footwear production, and benchmarking competitors' products with international brands such as "Nike" and "Reebok,". The family members can also increase the latest knowledge for efficient production systems, thereby reducing costs and increasing the quantity and quality of products.

4.4. Theme 4: social capital resources

The research results also identified an increase in social capital resources. Theme 4 is related to 2 emerging categories, namely the Distribution value chain and buyer value chain, as shown in Figure 1.

4.4.1. Distribution value chain

The representative quotes in this research show the expansion of the distribution value chain and signal an increase in the social capital resources of the family company. The excerpt from interviews with the second generation of the third son: 2.3 business units need to develop more marketing distribution networks yearly.

" … This business marketing section expands annually, with the establishment of an online distributor this year" (2.3)]

Furthermore, this is also supported by the interview results with 3.1 *2.2) and 3.2 (2.2)

" … The department store is intended to be opened in Dubai, and Papua New Guinea, with distribution carried out in the domestic market … " 3.1 (2.2).

" … the 'Ardiles' local stores are opened in each province … " 3.2 (2.2).

4.4.2. Value chain buyers

There is a rise in the buyer value chain in the "Ardiles," where family members increase their knowledge through social interaction with end-users and shops. They also conduct market surveys on models of consumers' interest by monitoring the prices needed by consumers and determining the end-user market for their product.

According to 3.1 (2.2), "Ardiles" is continually expanding its buyer value network by bringing its footwear products closer to consumer needs and collaborating with specific institutions.

" … the shops on the streets increase in size every year, by cooperating with the company to produce consumers' needs" 3.1 (2.2).

It is also indicated by 3.2 (2.2) where the company approaches consumer needs directly through distributors.

" … I also have an approach with distributors to determine consumers' need these days … " 3.2 (2.2).

Further findings indicate an increase in social capital resources with the efforts of family members in managing the knowledge obtained through social interactions with internal and external companies by linking the social interaction of the company with the distribution and buyer value networks in a more significant flow of activity, its social capital increases.

5. Discussion

5.1. Authority empowerment

Axial coding with theoretical aggregation aids in identifying the relationship between the four emerging categories, namely individual responsibility, decentralization of authority, successive power in business units, and prosperity of family members related to theme 1. Empowerment authority supports conflict management strategies due to generational involvement.

5.1.1. A discrete division of responsibilities and powers

The findings from this study identify the existence of a separate division of powers among the second-generation family members that are shareholders responsible for managing each business unit determined collectively. The division of distinct responsibilities aims to reduce potential conflict due to overlapping authority.

The ability of family companies to assign clear roles and responsibilities to each member in managing the business units can prevent conflict (Eddleston & Kellermanns, 2007). A popular and effective solution is assigning different authorities and responsibilities to managers of the business units (Kets De Vries, 1993). Furthermore, the division of separate responsibilities within the business unit offers clear roles that prevent specific barriers (Kidwell et al., 2012).

5.1.2. Decentralization of authority in business units

The findings also disclose a decentralized system of authority in each business unit. It reduces bureaucracy, thereby causing decision-making to be more effective, leading to greater flexibility of procedures and actions of the business unit managers. The decentralization of authority aids each unit in deciding its business strategy responsibly, thereby preventing conflicts with other family members with different views (Robbins & Judge, 2007). Decentralization of authority supports an effective and rapid decision-making process, making an organization more flexible and responsive. Therefore, investments need to be encouraged in each business unit managed by family members to boost growth (Eddleston, Kellermanns et al., 2008).

One of the advantages of a decentralized authority system is its ability to avoid negative impacts and conflicts. A centralized approach involving the family in decision-making and company operations can only drive some solutions in creating potential strategic goals. The dominance of family involvement in decision-making leads to a cautious attitude during risk-taking and hinders the company's potential to take advantage of market opportunities. It is because the decentralization of power is an essential antecedent to innovation and risk-taking (Madanoglu et al., 2016).

5.1.3. Succession in the business unit

The "Ardiles" family company authorizes each business unit manager to ensure that positions are by succession. It is executed to avoid jealousy and doubt, leading to conflicts involving subsequent generations in these units. Through the succession process, managers can prepare future generations to replace them by enhancing and expanding their knowledge, leading to improved individual and company performances. This procedure requires an adequately organized planning process communicated, and agreed upon by all family business members, thereby causing it to function effectively (Bilgiardi & Dormio, 2009; Mazzola et al., 2008).

Conversely, in certain instances, the leadership relies on the business unit that tends to be transferred to subsequent generations (Klein & Astrachan, 2005; Uhlaner, 2005). Parental injustice in this process has emerged as a competitive habit among siblings (Alderson, 2015). "Ardiles" prepares for succession by handing over the business unit to the next generation of each family member (father to son) with regards to developing business knowledge, industry, decision-making, innovative spirit as well as legitimacy (Cabrera-Suárez et al., 2001; Mazzola et al., 2008).

In addition, it is easier to manage father-to-son succession in the parent's business unit without causing misunderstandings among other members. Therefore, for this reason, attention is usually paid to the subsequent generation by transferring knowledge from predecessors to successors, including access to education and training (Le Breton–Miller et al., 2004; Cabrera-Suárez et al., 2001; Sharma, 2004). Successors are more equipped when they possess specific knowledge and experience of the family business, which causes them to be considered relevant and successful (Bjuggren & Sund, 2001).

However, the authority in charge of carrying out this process in each business unit needs to avoid excessive competition among members of the successor's family, which hinders effectiveness. The role of leadership is needed or contributes to how this process is developed and maintains trust across generations (Cater & Kidwell, 2014).

Family companies must effectively plan and monitor this process to boost sustainability (Ibrahim et al., 2001). The ability to indulge in parent-to-child succession encourages the development of new business units in preparation for the next generation.

5.1.4. Prosperity of family members

To improve performance and fairness, "Ardiles" implemented a vision for the prosperity of family members by providing a decent salary for all employed, dividing dividends among shareholders, and offering rewards or incentives to managers that generate significant profits.

According to Harvey et al. (1998), conflict occurs between family members from successive generations regarding wages, management, and other issues. The dynamics of companies and families sometimes converge in dividends and disbursement of financial matters because there are bound to be conflicts between businesses and family demands (Alderson, 2015; Jaffe, 2005).

Furthermore, conflicts of interest usually occur between the majority and minority family shareholders when offering insight into dividends and growth (Meier & Schier, 2016) and pursuing their interests (Martínez-Ferrero et al., 2016). The issue of dividend payout policy is controversial in the financial sector. It is because this type of payment is considered both a measure of success or failure and a means of permanent income source (Huang & Paul, 2017; Wu et al., 2020).

On the contrary, paying lesser cash dividends is a positive signal because family companies tend to explore investment opportunities. Conversely, the purpose of withholding income to have reserves and new investments automatically reduces the distribution of cash dividends (Wu et al., 2020).

According to Clarke (2004), company performances are enhanced by offering incentives and adopting accountability, transparency, and fairness in the distribution of wealth. In addition, providing financial security is also an important goal that needs to be realized when managing the family company (Kotlar & De Massis, 2013; Tagiuri & Davis, 1996).

The authority empowerment process to determine the separate division of responsibilities, decentralized authority, succession, and welfare of family members is one of the conflict management techniques used to create a conducive business due to generational involvement.

5.2. Coordination of authority

The findings also identify the relationship between the two emerging categories by theme 2: independent internal audit and the founders' values. The coordination of powers aims to support and strengthen strategies for managing conflict from generational involvement to create a conducive family company.

According to Michael-Tsabari and Weiss (2015), family companies frequently experience conflicts due to a lack of communication, impacting sharing of critical information among members (Eddleston & Kellermanns, 2007). This dilemma is often caused by difficulty in overcoming the moral hazards associated with human resources, which leads to unattainable sustainable profits from the establishment (Coff, 1997).

Therefore, it is essential to build a company culture that is relatively open and minimally politicized for personal gain by exercising some control over business activities (Kets De Vries, 1993). A transparent process is required. However, the principle of openness must be adopted when transferring information that is entirely and appropriately reported as a secret.

Subsequently, business managers need to adopt the accountability process, namely the principle of responsibility, in presenting reliable and transparent financial reports on company activities (Agoes & Ardana, 2009). It is because financial data is often used to monitor the company's performance. In managing business ownership, one needs to be informed of the company's condition, which is realized by appointing corporate auditors, thereby boosting the unity among family members (Davis, 2006a, 2006b).

Businesses with multi-generational engagements often adopt the internal audit function as an oversight tool to realize transparency. It involves external professionals facilitating communication and providing solutions to negative emotions that arise due to suspicion (Pieper et al., 2015; Rhodes & Lansky, 2013).

An internal audit is a systematic approach prepared to evaluate and improve the effectiveness of risk management, clarify financial reports, and disclose personal information related to activities carried out in the business units to benefit these companies. The Coordination of Authority through an independent internal audit aids in ensuring that each business unit functions professionally and supports transparency. It triggers the flow of communication through audit reports accessible to those involved. The audit reports in each business unit also boost mutual trust and prevent conflicts. However, trust not based on blind or immoral kinship positively affects family company (Kidwell et al., 2012).

5.2.1. Value-instilled by the founder

Based on this research's findings, specific values instilled by the founder of "Ardiles" were discovered to have been passed down from one generation to another to maintain cohesion. Therefore, in running a family company, it is necessary to ensure unity among members and pursue personal interests. Subsequently, mutual trust and respect among brothers and sisters serve as a brake pedal when conflict worsens.

Family leaders or founders develop positive values to boost company operations' trust and cohesiveness (Kidwell et al., 2012), reflecting on the business's value (Cisneros et al., 1998; Vallejo, 2009). Strong ties encourage family members to act in the company's best interests and avoid opportunistic behavior. According to Martin et al. (2009), family cohesion reflects efforts to build positive ethical ties to reduce conflict when running a family business.

5.3. Managing generational involvement conflict

It was further concluded that there is a relevant relationship between the two emerging themes, namely empowerment and coordination of authorities, by managing generational involvement conflict as a theoretical aggregation in resolving the problems formulated in this study.

Based on the finding, we argue that conflict management strategies to create a family company conducive to generational involvement are carried by the process of empowering authority by separating it from responsibility, decentralizing authority, power succession in business units, and the welfare of family members. It is also conducted through the process of coordinating authority by conducting an independent internal audit, with the founder instilling the values of harmony.

5.4. Strategies for managing knowledge and conflict due to generational involvement

Family companies possess unique characteristics centered on the involvement of their members across generations that have the potential to create conflicts among themselves. Unresolved conflicts hinder its efforts to acquire, transfer, and implement existing knowledge to adapt to the dynamic environmental changes, thereby hindering sustainability.

Businesses that cannot create the right strategies to manage conflict due to generational involvement are vulnerable to maintaining harmony among family members (Kellermanns & Eddleston, 2004). Interpersonal conflict negatively affects integration and knowledge sharing among members (Chirico & Salvato, 2016; Filser et al., 2013).

According to Trevinyo-Rodríguez and Bontis (2010) and Chirico (2008), emotional differences affect conflict and sharing knowledge. Lansberg (1999) also stated that competition among members causes them to share knowledge from their predecessors reluctantly. However, when competition and family conflicts are avoided or managed, it creates a unique social system characterized by informal conversations that permit members to share knowledge (Le Breton–Miller & Miller, 2006; Eddleston & Kellermanns, 2007).

When the right strategy is used to manage conflict due to generational involvement, it creates a conducive family company. It supports the process of managing knowledge to increase and utilize resources capable of competing with competitors in the market. It is because knowledge resources are important factors that provide opportunities for the development of family businesses (Qiu & Freel, 2019).

5.5. Human capital resources

Human capital resources are obtained by improving knowledge through education, experience, intelligence, judgment, cognitive awareness, and skills (Chirico, 2008; Koentjoro & Gunawan, 2020; Woodfield & Husted, 2017). In addition, supposing the company is better at controlling these resources leads to a competitive advantage (Alvarez & Barney, 2001; Barney, 1991; Unger et al., 2011).

Human capital resources in this research are obtained by expanding the knowledge of family members regarding the use of current technology in line with the company conditions. It is also adapting to the market by increasing knowledge related to different models and required product categories, increasing the ability to create an efficient production system to compete in the market.

According to Covin and Slevin (1991), these are valuable assets for companies because they aid in developing proactive business innovation and strategies that tend to affect the quality of decision-making and the success of utilizing market opportunities with high performance.

Based on the research finding, increasing knowledge related to technology, market adaptation (footwear product mode & product category), and an efficient production system expands human capital resources in family companies.

5.6. Social capital resources

Social capital resources are realized from internal and external interactions that help companies develop internally and facilitate the expansion of distributive and buyer value chains (Porter & Advantage, 1985).

This research shows that social capital resources in family businesses are increasing. This occurs when people converse with one another and learn more about distribution networks and how to approach buyer value networks in the market. This allows them to obtain more critical resources.

According to Adler and Kwon (2002), social capital development facilitates the exchange of resources internally to boost product innovation, new business formation, and supplier network relationships. It also provides opportunities for companies to access knowledge from external sources (Yli-Renko et al., 2001) to promote open innovation, improve performance and adapt to dynamic environments (Lichtenthaler & Lichtenthaler, 2009; Saunila et al., 2012).

Companies burdened with novelty and renewal obligations need firm social capital when seeking complementary resources from external sources. It is realized by enhancing information flows related to supplier networks, marketing distribution, and promotion of open innovation (Chesbrough, 2003) to reduce risk and transaction costs and facilitate social exchange (Chen et al., 2007).

So, managing knowledge through social interactions related to expanding the distribution and buyer value chains increases social capital resources in family companies.

5.7. Knowledge resources

Further findings indicate an increase in human capital resources with the efforts of family members in managing the knowledge obtained through social interactions and internal and external companies. This process is also obtained by linking the social interaction between the company with the distribution and buyer value networks in a more significant flow of activity; it increases the social capital resources in the "Ardiles."

Through this research, it is identified that there is a relationship between human and social capital resources with an increase in the company's knowledge resources. It encourages family companies to utilize their organizational knowledge resources for their benefit.

5.8. Managing knowledge resources and creating a conducive family company

In the globalization era, highly competitive and dynamic environmental changes cause leaders to implement conflict management strategies to create conducive family companies—conflict resolution aids in strengthening the knowledge resources of individuals. The ability to improve knowledge, which is constantly updated, leads to a company's sustainability (Chirico, 2008; Nonaka, 1991; Rohde & Sundaram, 2011; Zahra et al., 2007).

According to Chirico (2008), Adner and Helfat (2003), Helfat et al. (2007), and Hodgkinson et al. (2014), and Eisenhardt and Martin (2000), embracing new ideas aids in the manifestation of strategies that focuses on the improvement of performance and adaptation to the external environment in order new opportunities. Managing knowledge also increases family companies' ability to initiate new processes, leading to innovative products (Chirico & Nordqvist, 2010). Furthermore, the continuous accumulation of knowledge creates and increases the resources required for the family company.

Conversely, company leaders must ensure that efforts to manage the resource portfolio effectively facilitate the resource orchestration process to obtain a sustainable competitive advantage (Chirico et al., 2011; Ndofor et al., 2011; Sirmon et al., 2007, 2011). Barney (1991) and Wright et al. (1994) stated that companies in the RBT context are categorized based on the VRIN criteria (Valuable, Rare, Inimitable, Non-Substitutable). They can utilize all organizational assets owned, such as human and social capital resources, to create a sustainable competitive advantage.

Therefore, organizational capital (human and social) helps increase and create opportunities that utilize internal and external resources to achieve set goals. Knowledge resource development and management are highly dependent on conflict management strategies in creating a conducive family business (Le Breton-Miller & Miller, 2006; Chirico, 2008; Eddleston & Kellermanns, 2007; Trevinyo-Rodríguez & Bontis, 2010).

The ability to boost and integrate the resources owned by family companies as a resource orchestration process supports the creation of new strategies to improve performance and adapt to the dynamic external environment, improving companies' sustainability. Creating a conducive family company and increasing knowledge of resources promotes resource orchestration by utilizing and integrating existing resources to improve performance, adapt to the dynamic external environment, and sustain. The framework model for managing conflict and knowledge resources in resource orchestration to increase sustainability in family companies can be seen in Figure 1.

6. Conclusions, implications, and suggestions

6.1. Conclusion

Increasing knowledge resources is insufficient to encourage resource orchestration and sustain family businesses. As a result, there is a need to manage conflict in order to support a family business that is conducive to improving and utilizing knowledge resources owned in order to sustain its sustainability.

This study was carried out in a family-owned footwear company with several business units managed by family members (children and grandchildren). This study provides insights into the phenomena of how conflict management strategies and knowledge promote resource orchestration in a family business. Furthermore, it serves as the foundation for explaining the methods used to improve innovative performance in order to maintain sustainability.

The strategy for managing conflicts in family businesses due to generational involvement was realized through authority empowerment and coordination to instill harmony and cohesion among family members. The ability of company leaders to carry out four practical solutions related to the division of separate responsibilities, decentralization of authority, succession, and prosperity of family members is referred to as authority empowerment. Meanwhile, Authority Coordination is a measure of control carried out by an Independent Internal Audit and values instilled by the founder such as harmony among family members.

These strategies help to improve family harmony and cohesion. Instead, it fosters a supportive environment and manages knowledge to boost performance. Human and social capital resources are increased by expanding family businesses in managing knowledge that is carried out on a regular basis through internal and external social interactions. As a result, family businesses with high human and social capital resources expand their knowledge resources. Furthermore, it serves as the foundation for company managers to mobilize their resources as the key to resource orchestration in order to create innovative products, adapt to the market, and maintain sustainability.

6.2. Theoretical implication

This study expands on the literature on resource orchestration (Chirico et al., 2011; Sirmon et al., 2011) by emphasizing the importance of managing conflict due to generational involvement in to improve intangible resources, particularly knowledge. Strategies such as authority empowerment and coordination help to create a conducive family business for managing knowledge and increasing resources. Similarly, increasing human and social capital resources broadens the knowledge resources available in family businesses. Furthermore, it encourages the orchestration of resources in family businesses by utilizing and integrating existing resources to improve innovative performance, market adaptability, and business sustainability.

Second, this research contributes to the debate about creating a conducive environment for innovation through authority empowerment and coordination processes. It provides a different perspective than previous studies conducted by Chirico et al. (2011), Eddleston, Kellermanns, and Sarathy et al. (2008), and Eddleston, Otondo, and Kellermanns (2008). Their study used participatory strategies, such as obtaining consensus from all family members involved in making strategic decisions to improve performance. This study elaborates on previous research by Eddleston and Kellermanns (2007) and Kets De Vries (1993) by providing a more comprehensive understanding of the division of separate responsibilities in family businesses.

Third, this research was carried out using a single case study approach, which offers in-depth analyses of the phenomena that boost family companies' sustainability. A face-to-face interview was conducted with nine participants from the second and third generations and other external professionals. Furthermore, there is a possibility of acquiring answers related to the research problems in an interactive and in-depth manner compared to the study on resource orchestration conducted by Chirico et al. (2011), which was centered on a survey carried out on 199 family companies using only two respondents from each firm. Therefore, the findings are presumed to be less accurate due to the shallowness of the data obtained and the impact of the analysis as a whole. This research was carried out in a family company known as "Ardiles," located in Indonesia. The findings tend to be more accurate and suitable for family companies in Indonesia than the research carried out by Chirico et al. (2011) in Switzerland.

6.3. Managerial implication

The findings of this study provide practitioners with an understanding that managing conflict among family members is an important factor in boosting cohesion among such businesses. The ability to manage conflict through authority empowerment and coordination fosters cooperation among members, leading to knowledge sharing in order to improve performance and adapt to changing external environments.

Furthermore, this study provides an understanding of family business practitioners, which improves the sustainability of such businesses in the globalization era of high competition and dynamic external environmental changes. As a result, increasing human and social capital resources is required to improve knowledge resources in a family business. Managing knowledge resources promotes resource orchestration and improves company performance, increasing sustainability.

6.4. Research limitations and suggestions for future research

This study focuses on a single case study in a family business with multiple business units. Decisions and authority in each business unit are handled by family members of various generations. Because the patterns of decision-making and management authority are unique, they cannot be generalized to other family businesses. However, these findings show a link between conflict management strategies and increasing knowledge resources in resource orchestration to improve family enterprise sustainability. Future research should include family businesses with varying decision-making patterns and management authority to put our proposed framework model for managing conflict and knowledge resources in the orchestration process to the test.

This study does not take into account personal conflicts among family members who are not involved in the business context, which has a significant impact on conflicts. As a result, future research should be conducted to examine female family members who are not employed in this type of business to discover the possibility of interpersonal conflicts and how they affect the business's sustainability.

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PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8

PAGE 9

PAGE 10

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20

PAGE 21

PAGE 22

PAGE 23

PAGE 24

PAGE 25

PAGE 26

PAGE 27

PAGE 28