

THE CRITICAL ROLE OF KNOWLEDGE SHARING ACTIVITY AND INTERGENERATIONAL CONFLICT SOLUTION TO CREATE FAMILY BUSINESS SUSTAINABILITY: INTERGENERATION RELATIONSHIP QUALITY AS MODERATING

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Article history

Received date : 13-7-2020
Revised date : 10-8-2020
Accepted date : 30-9-2020
Published date : 1-12-2020

To cite this document:

Liliana Dewi, & Elia Ardyan. (2020). The Critical Role of Knowledge Sharing Activity and Intergenerational Conflict Solution to Create Family Business Sustainability: Intergeneration Relationship Quality as Moderating. *International Journal of Accounting, Finance and Business (IJAFB)*, 5 (30), 80 - 89.

Abstract: *This study aims to examine the important role of knowledge sharing activities and intergeneration solutions in order to create family business sustainability. This research also examines the moderating impact of intergeneration relationship quality. Respondents in this study were 213 business owners of Batik SMEs in Central Java. Respondents are from generation 2-4 of the family business. Data were analysed using SEM-PLS. The results of this study indicate that knowledge sharing activities and intergeneration conflict solutions are able to create family business sustainability. This research also found that a quality relationship between parent and child is able to moderate the influence of knowledge sharing activity and intergeneration conflict solution. This study contributes to theoretical and managerial contributions regarding sustaining family businesses.*

Keywords: *Entrepreneurial knowledge sharing, Family-firm sustainability, Intergeneration conflict solution, Intergeneration relationship quality.*

Introduction

Business often starts from a family business on a micro scale. The family is an important part of building a family business (Olson et al., 2003). The founder will work with family members at the start of the business. The founders and family of business owners will try to grow the business to become a tycoon. After the business becomes large, the founder invites other family members to develop the business. The founder places family members at the managerial level. Carsrud (1994) called it an "emotional family group" which explained the ownership of a family-controlled business. Family business people do not want business to be controlled by people who are not family. In a family business, the family has full control to manage the business (Morris et al., 1997).

The sustainability of the family business happens not only because of a successful succession. Some researchers have previously explained that the success of leadership succession occurs due to good succession planning (Adedayo et al., 2016; Ghee et al., 2013; Mokhber et al., 2017), the existence of a sibling competition system (Jayantilal et al., 2016). The sustainability of the family business is influenced by daily activities. These activities include: a good relationship between generations, knowledge sharing activity, and the ability of each individual to solve problems. A good relationship can be established through intense communication between generations. Early generations are willing to share knowledge with their successors that will have an impact on the progress of the family business. If there is a conflict, then family members immediately resolve the conflict. In fact families and businesses that are too often in conflict, this can be a disaster for the business and the family of the owner.

Knowledge is a core entrepreneurial asset. Entrepreneurs often try to create differential niches based on process, product innovation, knowledge combination, expansion or reframing as categorized by Tsoukas (2009). Indeed, in a competitive market economy, the ability of entrepreneurs to develop, transfer, and manage knowledge is a source of life for product development and manufacturing operations. This study explores how knowledge is transferred in various specialties in entrepreneurial companies, and how this knowledge can be effectively documented in the design and commercialization of technology for subsequent dissemination. Having a business owner who respects the hierarchy is an important aspect in developing self-professionalism so as to avoid ongoing conflict, Family Business Owner Behavior enhances Business Performance. Professionalism enhances Business Performance. The owner's responsibility influences the family business performance (Lamb & Butler, 2016).

The company enhances members with diverse knowledge at various levels of specialization and diversity. While superficial knowledge can be easily transferred and shared, deep knowledge is more difficult to share (Bennet & Bennet, 2008). Likewise, sharing knowledge requires certain absorption on the part of the recipient. The recipient may be able to absorb knowledge at some level but may not be able to absorb knowledge at another level. However, the ability to absorb knowledge requires a dynamic capacity to understand and assimilate knowledge for successful knowledge transfer (Lichtenthaler & Lichtenthaler, 2009). Knowledge transfer and knowledge sharing remain incomplete without accommodating the level of knowledge of members involved in the task of sharing knowledge.

Literature Review

The existence of several generations working together in a family company, the attitude of the previous generation actually influences the behavior of the next generation, so that the spirit of togetherness can complement each other among family members (Welsh et al., 2013). Meanwhile, the traditions and cultural values of the family can influence and encourage individual behavior (Altinay et al., 2012). The task of the previous generation is to manage the business on an ongoing basis to transfer the business to the next generation, while a new impetus to the business can be obtained by involving the next generation (Welsh et al., 2013). All generations influence one another's behavior. The proactive attitude of the next generation towards business is supported by the attitude of the previous generation (Kellermanns et al., 2008). This results in an entrepreneurial spirit in all generations where future generations can build on existing things (Kraus et al., 2012). Good collaboration between generations in this case the previous generation can pass down business knowledge and skills (Nicolaou et al.,

2008) that makes it easy for the next generation to manage and operate the business every day. This can be said to be intergenerational learning (Chrisman et al., 2016). This cross-generation relationship is important in leadership succession in families and businesses (Welsh et al., 2013).

Rae (2006) states that independent learning is based on complex social practices, especially on the relationship between humans and their behavior. The focus of previous research is on individual learning. The following research should be directed towards learning through social relationships, especially the relationship between generations of families in managing businesses (Stein, 1989). The transfer of knowledge from the preceding generation to the next generation has not been sufficient for succession. In family business, there needs to be intergenerational involvement so learning takes place whenever there is social interaction between generations (Hamilton, 2011).

The level of satisfaction and involvement between individuals both at work and in the family occurs when there is a good balance between work and family commitments (Greenhaus et al., 2003). In the case study, the eldest son of the Charles family claimed to be a leader in business by carrying out innovative entrepreneurial activities in the business process without regard to the relationship with his predecessor in this case his parents, making it difficult to meet the expectations of his parents. This case study on patriarch Perry and his son who had no clear role both as a professional and as a family member (Liu et al., 2015).

It is not enough cohesion and interconnection between family members, cultural values and mutual support between family members is also needed. If something is lacking, one of them can lead to a lack of knowledge sharing among members. Adaptability is also important as a family resource, according to the results of the research of Ensley and Pearson (2005), the root cause of intergenerational relationships. Both sons felt less welcomed by Perry's father and thus felt pressured to succeed in continuing the business (Davidsson & Honig, 2003). Relationship conflict in the family results from the fact that family members play a role in the family and work for the business. There is no knowledge that business requires a different approach to handling the social system (Ensley & Pearson, 2005). Effective communication takes precedence in coordinating resources and efforts to cope with critical events that occur in families. In this study it was stated that communication patterns tended to worsen the situation through disputes, screams and condemnation between family members (Wilmoth & Smyser, 2009).

Generally, stress becomes a problem when the level causes interference (Lavee et al., 1985), such as family breakup or the existence of a disharmonious relationship. There are different feelings and interpretations of each family member so that stress experienced between individuals is also different (Wilmoth & Smyser, 2009). On the perception of stress, Perry is more autonomous, acts more individual and independent while Charles dislikes his father interfering in daily managerial tasks in business but at the same time needs support and recognition. The four family members generally see the process of succession filled with pressure all the time. This pressure has occurred since the succession of leadership in front of the community after the marriage of Charles and Susan. The absence of clear responsibilities and allocation of rights and duties among the family members involved resulted in the succession process not going smoothly. This has an impact on disagreements about strategic

decisions for other family businesses. This research is an intergenerational learning experience drawn from critical events that occurred during the leadership succession process in two generations.

In this study Perry, Patricia and her son Charles, all of whom had worked in business in relation to before the crisis occurred, and intergenerational learning including demands, supports, adaptive resources and perceptions among members, which subsequently led to the ability to survive.

Importance of Literature Review in Research

Entrepreneurial Knowledge Sharing and Family Enterprise Sustainability

Knowledge is a multidimensional concept (Nonaka, 1994). Knowledge is understood as information and knowledge (Schrettle et al., 2014). Knowledge is not only the information obtained but also the set of skills that make an organization very effective in making decisions. The main obstacle to organizational change is lack of knowledge (Lazano, 2012). Knowledge is often not easy to transfer, one of which is transferring skills from the founder to his child. It takes a long time to do knowledge sharing activities to find out how. The ability to conduct information-sharing activities significantly impacts competitiveness (Ardyan & Sugiyarti, 2018). Knowledge sharing activities carried out between family members also have an important impact on the running of the business. Every family member does not prioritize ego in running his business. Founders who can do knowledge sharing activities will make business more sustainable. The successful sharing of knowledge will improve business performance (Surijah, 2015; Wang et al., 2014) and the sustainability of competitive advantage (Abdul-Jalal et al., 2013).

H1: Sharing knowledge about entrepreneurship sustainability has a significant effect on the sustainability of family businesses

Intergenerational Conflict Solution and Family Enterprise Sustainability

Family businesses always face conflict (Fahed-Sreih, 2018). Conflict between families is a concern because the impact of conflict is the destruction of the family business. Emotional disturbances and differences in trust are often sources of conflict (Harvey & Evans, 1994). Every party in the family has an ego to contribute to running the business. Pieper et al. (2013) explains that the contradiction between meritocracy in business and egalitarianism in the family as a source of conflict. Other researchers explain various ways of communication and a sense of justice also play a role in increasing conflict (Kets de Vries et al., 2007; Ward, 1997). An ongoing and unresolved conflict will have an impact on the sustainability of the family business. H2: Solutions for intergenerational conflict sustainability have a significant effect on the sustainability of family companies

The Quality of Intergenerational Relations as the role of mediator

Relationship quality is a concept that is often associated with company-customer relationships (Giovanis et al., 2015), business to business (Pepur et al., 2013; Vieira, 2009), and the relationships between stakeholders in the organization (Chu et al., 2016). The concept of quality relationships in this study is the close relationship between the founder and family in a family business. Relationships that occur between good interactions between family members. Intergenerational relationships will make each family member help one another. In this study,

we propose that the quality of intergenerational relationships moderate the activities of sharing knowledge and intergenerational conflict solutions to the sustainability of the family-family. Intergenerational relationships are concepts that arise when there is a problem between what happened and what happened. A theoretical view of intergenerational relationships is often seen from intergenerational solidarity theories (Bengtson & Roberts, 1991). A negative relationship is understood to be found factors driving the functional integration of families. Found a relationship between found about business problems and achievement of business goals and scores on functional family integration. The power of managing relationships will reach competitive success. Relationships are an important part of employees, founders, and dominating them (Ferraro & Marrone, 2016).

H3: Relationships between generations of quality are able to moderate the ability of sharing entrepreneurial knowledge on sustainable family businesses.

H4: The quality of intergenerational relationships is able to moderate the influence of intergenerational conflict solutions on the ongoing family company.

Methodology

This research is based on quantitative research. Quantitative research is numerical data collected and analysed using mathematical-based methods (Muijs, 2004). This study uses a questionnaire as the main instrument for collecting data. Respondents in this study were 213 business owners of Batik SMEs in Central Java. Respondents are from generation 2-4 of the family business. Data were analysed using SEM-PLS.

Findings and Discussion

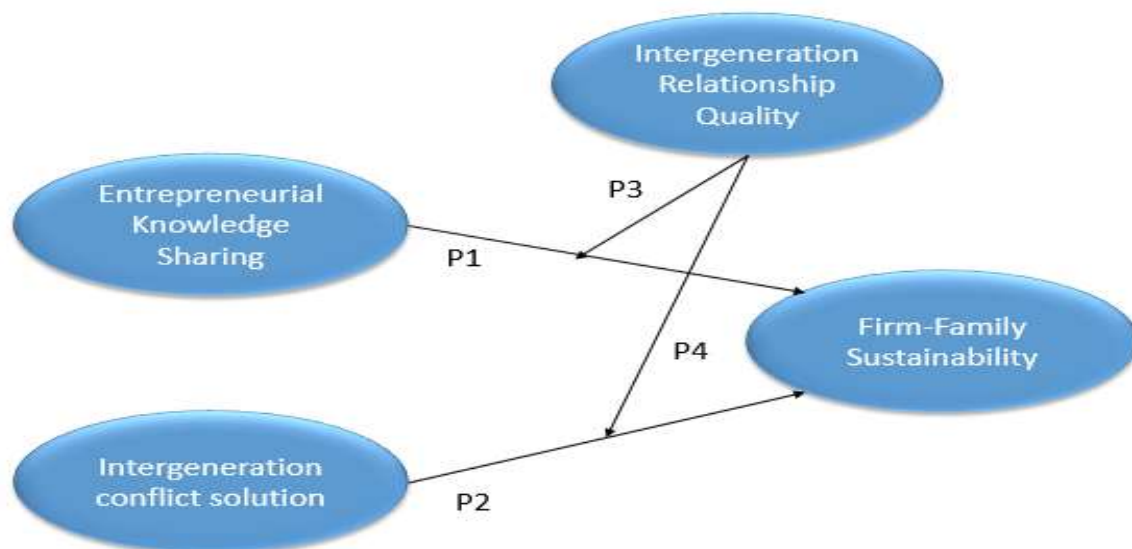


Figure 1. Research Model

The quality dimension of intergenerational relations was adopted from Vieira et al. (2008); Bengtson and Roberts (1991) are the frequency of intergenerational interactions, the types of common public activities, the ranking of reciprocal perceptions, concordance between families between individuals, the frequency of intergenerational exchange assistance, the importance of intergenerational roles, the residence of family members.

Table 1 Faktor Loading, Averege Variance Extracted, Composite Reliability, and Cronbach Alpha

Variable	Factor Loading	AVE	CR	Cronbach Alpha
Entrepreneurial Knowledge Sharing		0.686	0.868	0.771
EKS1	0.850			
EKS2	0.794			
EKS3	0.840			
Intergeneration Conflict Solution		0.809	0.944	0.920
ICS1	0.842			
ICS2	0.929			
ICS3	0.874			
ICS4	0.949			
Intergeneration Relationship Quality		0.872	0.965	0.960
IRQ1	0.944			
IRQ2	0.928			
IRQ3	0.929			
Firm Family Sustainability		0.769	0.930	0.900
FFS1	0.887			
FFS2	0.905			
FFS3	0.839			
FFS4	0.875			

Table 2. Determinant Validity

	(1)	(2)	(3)	(4)
Entrepreneurial knowledge sharing (1)	(0.828)	0.408	0.380	0.395
Intergeneration conflict solution (2)	0.408	(0.899)	0.473	0.513
Family-firm sustainability (3)	0.380	0.473	(0.877)	0.463
Intergeneration relationship quaity (4)	0.395	0.513	0.463	(0.934)

Table 3 Hypothesis Testing

Hypothesis	Result
H1: Entrepreneurial knowledge sharing → Family-firm sustainability	0.257* H1 accepted
H2: Intergeneration conflict solution → Family-firm sustainability	0.325* H2 accepted
H3: Intergeneration relationship quality is able to moderate the effect of Entrepreneurial knowledge sharing on Family-firm sustainability	0.213* H3 accepted
H4: Intergeneration relationship quality is able to moderate the effect of Intergeneration conflict solutions on Family-firm sustainability	0.214* H4 accepted

Note: * $p < 0.001$

Discussion

Based on the results of the analysis, namely: 1. Entrepreneurial knowledge sharing has a significant effect on family-firm sustainability. 2. Intergeneration conflict solution has a significant effect on Family-firm sustainability. 3. Intergeneration relationship quality is able to moderate the influence of Entrepreneurial knowledge sharing on Family-firm sustainability. And 4. Intergeneration relationship quality is able to moderate the effect of Intergeneration conflict solutions on Family-firm sustainability. This research contributes to the following theories and managerial contributions:

Theory Contribution

This research contributes to social exchange theory. This research explains that children and founders exchange knowledge (related to business and experience) and handle problems by giving advice to one another. Narasimhan et al. (2009) explained that the basis of the concept of social exchange is that humans are rational and the best calculators in maximizing profit / return when interacting. Exchange of information and mutual assistance in handling conflicts can provide maximum benefits. It is proven that the results of this study entrepreneurial knowledge sharing and integration conflict solutions will have an impact on the sustainability of the family business. The exchange of information and mutual assistance in dealing with conflicts is always based on others. Theorou social exchange states that the focus of the exchange is someone else (Narasimhan et al., 2009). When the founder tries to give the best to his child and vice versa, it will greatly affect the sustainability of the family business.

Managerial Contribution

This research contributes managerially. The goal of a family business is to make a family business sustainable. The meaning of business will continue to exist and be managed by grandchildren. This research shows the need for good communication between the founder and the child. They must always be harmonious who have good quality relationships. Good communication when building a business (through information sharing activities) and when there are problems (through mutual advice to resolve conflicts) is an important part of maintaining family business sustainability.

The results of this study indicate the quality of intergenerational relationships will moderate the influence of knowledge sharing and intergeneration conflict solutions on family-firm sustainability. Quality relationships must be built properly. the better the relationship, the higher the impact of entrepreneurial knowledge sharing and intergeneration conflict solutions has a significant effect on family-firm sustainability.

Conclusion

1. Entrepreneurial knowledge sharing has a significant effect on Family-firm sustainability
2. Intergeneration conflict solution has a significant effect on Family-firm sustainability
3. Intergeneration relationship quality is able to moderate the influence of Entrepreneurial knowledge sharing on Family-firm sustainability
4. Intergeneration relationship quality is able to moderate the influence of Intergenerational conflict solutions on Family-firm sustainability

Acknowledgement

This research was supported by the Universitas Ciputra, Indonesia and the Research and Technology Minister, Indonesia. The researchers would like to acknowledge Family Business Community Universitas Ciputra, Indonesia. The researchers acknowledge the responsibility for any errors present in this paper and should not cause damage to the reputation of the aforementioned revered individuals.

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