

RESILIENCE AND CONFLICT: THE ROLES OF COPRENEURSHIP, TRANSGENERATION, AND DARK SIDE OF FAMILY BUSINESS

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Abstract

The present study aimed to examine the role of copreneurship, transgeneration, and the dark side with conflicts in and continuity of family-managed small and medium-sized enterprises (SMEs) or family businesses. Data was derived from 178 owners of batik SMEs, consisting of both those managed by spouses and those inherited. Data analysis was done using SEM-AMOS.22 and showed that (1) copreneurship positively related to family business conflicts; (2) transgeneration positively related to business management conflicts; (3) member family's dark side positively related to conflicts; and (4) conflicts occurred due to tenuous family social identity (decreased copreneurship bond, transgenerational process failure and dark side) positively related to family business resilience. The present study also included control variables for business size and generational order in order to determine the extent and resilience of business continuity.

Keywords: Copreneurship, transgeneration, dark side, conflicts, resilience.

Introduction

Small and medium-sized enterprises face novel challenges to growing and continuing their business in an era of volatility, uncertainty, complexity, and ambiguity. Thus, their attention and capacity to adapt to situations full of uncertainty due to internal and external shocks need to be increased (Conz, Denicolai, & Zucchella, 2017). SMEs manage the majority of the batik craft businesses in Indonesia. Indonesian Batik was recognized as an intangible cultural heritage by UNESCO on October 2, 2009, which is then celebrated as National Batik Day (Nur, Rosy, & Ari, 2022). There is a total of 2951 batik businesses in Indonesia (Balai Besar Kerajinan Batik, 2022). A great number of batik SMEs, like other small-sized businesses, are believed to be vulnerable to numerous external shocks (Ingirige, Jones, & Proverbs, 2008; Battisti & Deakins, 2012). The recently ended COVID-19 pandemic devastated the economy and affected the continuity of SMEs (Mihotic, Raynard, & Sinčić Ćorić, 2022; Mishra, & Singh, 2023). Numerous extreme events also affected the existence of SMEs (Ates & Bititci, 2011).

The continuity of SMEs is also affected by such internal resilience as human resource capabilities, adaptation to technological advances to influence individual behavior through commitment, and entrepreneurial performance in maintaining the resilience of SMEs (Ingirige *et al.*, 2008; Rahman & Mendy, 2019; Al Omoush, Lassala, & Ribeiro-Navarrete, 2023).

Strengthening family business resilience based on the creation of organizational culture and a view of integrating the continuity of SMEs through family social identity is a relevant issue, given that family dynamics develop from the turmoil of couples and are also across generations (Isensee, Teuteberg, & Griese, 2023). It is further stated that sustainable entrepreneurs require a typology of leaders who are system thinkers with a process orientation, out-of-the-box strategy, vision, and opportunism (Ingirige *et al.*, 2008; Al Omoush *et al.*, 2023).

Business continuity and resilience constitute developing management principles, which constitute emotional and cognitive abilities useful for entrepreneurs. Resilience describes how quickly a family business bounces back from failure by leveraging its existing resources (Branicki, Sullivan-Taylor, & Livschitz, 2018). A significant relationship was found between the operations of family business SMEs and resilience strategies; however, it has not been described specifically (Branicki *et al.*, 2018). Therefore, the present study is expected to produce results that identify the behavior of family-managed SMEs regarding the emergence of potential internal conflicts. Such conflicts as the dynamics of couples and gender, transgeneration, and the dark side of family members in running a business are among those underexplored conflicts. The present study focuses on the theoretical and empirical aspects of the role of copreneurship, transgeneration, and the dark side in increasing the resilience of SMEs. Previous studies have remained

limited to one such construct as succession and governance; however, in terms of family dynamics, bad behavior as a dark side has not been explored.

Over time, the fluctuating dynamics of family businesses potentially trigger conflicts, given that conflicts are always inherent in human relationships; therefore, conflicts are inevitable in a business context (Celuch, Bantham, & Kasouf, 2011; Ratajczak-Mrozek, Fonfara, & Hauke-Lopes, 2019). Conflicts can have positive and negative impacts (Cheng & Sheu, 2012), however, no matter how positive the impact of conflicts is, it will remain affecting business performance; thus, conflicts must be eliminated or can be used for improvement evaluation materials (Ratajczak-Mrozek *et al.*, 2019).

Many organizational conflicts, both large and small in intensity, originate from personal issues, lack of capital, flexibility, and unclear job descriptions (Zacca, Dayan, & Elbanna, 2017; Ratajczak-Mrozek *et al.*, 2019). In addition, conflicts can occur at various levels, starting from everyday issues and misunderstandings, capable of escalating and ultimately threatening the existence of business relationships (Ellegaard & Andersen, 2015). However, conflicts related to copreneurship, transgeneration, and the dark side of family businesses have not been explored, creating a gap in the family business literature.

The purpose of the present study was to analyze the effects of copreneurship, transgeneration, and the dark side on conflicts and resilience of family businesses at the SME scale. The concept of copreneurship was first introduced by Barnett and Barnett (1988), and it is defined as a couple committed to running a business together. This concept has evolved over time, where copreneurship is extended to entrepreneurs who share ownership, commitment, and responsibility in running a business (Rutherford, Muse, & Oswald, 2006; Franco & Piceti, 2020).

The practice of businesses run by couples or copreneurship is influenced by family and gender dynamics (Franco & Piceti, 2020). Previous studies state that the most important factors for the success of a copreneurial family business are a clear division of tasks between partners, both male and female, communication, trust, and flexibility in maintaining the stability of personal and work relationships (Cole & Johnson, 2007). Gender roles are often invisible, creating central issues that women are always treated inferiorly, women are only complements, and women are often marginalized in leadership by the dominant men (Welsh, Kaciak, Trimi, & Mainardes, 2017; Chávez-Rivera, Fuentes-Fuentes, & Ruiz-Jiménez, 2021).

The practice of copreneurship has the effect of creating management conflicts in family businesses,

such as the dual roles played by both partners, in which men serve as the head of the family and the company leader or women serve as housewives or employees in the family businesses (Diaz-Garcia & Brush, 2012; Hughes, Jennings, Brush, Carter, & Welter, 2012; Franco & Piceti 2020; Galloway, Sanders, Bensemann, & Tretiakov, 2022). However, practitioners use copreneurship to manage tension and conflicts between work and family (Galloway *et al.*, 2022). Previous studies also state that copreneurship is able to improve the quality of decisions (Mustakallio, 2002) of couples in sharing both professional and family business relationships (Franco & Piceti, 2020; Chávez-Rivera *et al.*, 2021). Meanwhile, conflicts of family and business interests and the role of women in decision-making remain largely underexplored in developing countries, especially in Indonesia, where there is still a strong belief that women are always secondary in companies where the majority of men, either brothers or husbands, are involved in managing the business, ultimately leading to resentment and marital disharmony (Franco & Piceti, 2020).

Apart from transgenerational family couples or business dynasties, business dynasties often cause conflicts that affect business resilience (Woodfield, Shepherd, & Woods, 2017). This point is also corroborated by Suess-Reyes (2017) and Hernandez-Perlines, Ribeiro-Soriano, and Rodríguez-García (2021), stating that transgeneration represent the most significant challenge and only a few can truly survive from generation to generation. Factors affecting conflicts include the division of power and shares and a crisis of capability in managing business continuity to make it more resilient (Zehrer & Leiß, 2019).

Transgeneration tends to make family ties tenuous, where each family member has different goals and interests so that their involvement in managing the business varies and even tends to weaken, causing conflicts in opportunistic behavior and hampering the business advancement (Kidwell, Kellermanns, & Eddleston, 2012; Zellweger & Kammerlander 2015). Previous studies only addressed organizational governance, while the roles of business families in developing transgenerational orientation received less attention. Thus, in order to overcome this gap, it is necessary to apply social identity theory to examine how business family identity can strengthen transgenerational business orientation (Waldkirch, 2015; Calabrò, Torchia, Kallmuenzer, Yezza, & Cheng, 2023).

Social identity theory portrays and describes the family structure as a hybrid identity that differentiates the identity of the family business from the business family (Whetten, Foreman, & Dyer, 2014; Frank,

Kessler, Rusch, Suess, & Weismeier-Sammer, 2017). A premise that explains the decision of family identity with business is that the status cannot be separated since a business is established from the formation of a family, whether from a marriage or a business dynasty. Thus, the identity of a business family with the family business is part of the integral cohesiveness of a business and is capable of reducing the potential for conflicts (Baus, 2013).

Social identity theory is expected to bridge tensions due to power struggles, differences in goals, injustice, greed, and egoism through participation in business and aligning family beliefs and values related to business continuity (Monticelli, Bernardon, Trez, & dos Santos Sabrito, 2019; Calabrò *et al.*, 2023). Succession, ownership and control, governance, regeneration, and family and business values are among the frequently occurring conflicts in business families; therefore, these conflicts are unproductive and destructive, frequently referred to as the dark side of family businesses (Baumol, 1990; Montiel Mendez & Soto Maciel, 2021). So far, research on the dark side has only treated it as an attribute (Montiel & Clark, 2018) rather than as a construct in relation to business continuity, especially in family businesses. It is further stated that the dark side is a disturbing entrepreneurial construct (Montiel & Clark, 2018), whereas the dark side theory of family businesses has taught that individuals with entrepreneurial characteristics are more likely to engage in destruction (Martin, 2014; Haynes, Hitt, & Campbell, 2015; Harbi, Grolleau, Sutan, & Ticha, 2020).

Personality, egoism, dependency, bad behavior, and family business organizational processes significantly affect conflicts (Montiel Mendez & Soto Maciel, 2021). The dark side personality, referred to as the dark personality triad, includes narcissism, Machiavellianism, and psychopathy (Lee & Ashton, 2005; Cooke, Michie, & Hart, 2006; Jones & Paulhus, 2009). This dark personality is likely to make decisions with short-term motives by maximizing power and capital (Boddy, 2006) due to fears of aging, succession, retirement, and death. It pursues short-term capital to maintain egoism, greed, and arrogance, which ultimately abuses trust and power and tends to restrain the development of human capital and social family business and maximizes profits at the expense of employee welfare (Haynes *et al.*, 2015; Hmieleski & Lerner, 2016).

This article contributes to the debate on copreneurship, transgeneration, and the dark side of conflicts, which will affect the resilience of family businesses at the SME scale. Firstly, since the popularity of family businesses as a research topic different from other business fields, copreneurship has

been discussed as a characteristic of new business management models (Franco & Piceti, 2020). Despite the rapid development over the last decade, copreneurship still raises many conflicts involving gender roles, professionalism, communication, and flexibility (Gupta, Goktan, & Gunay, 2014; Henry, Foss, Fayolle, Walker, & Duffy, 2015). Our knowledge remains limited to the role of the family in supporting or hindering the family businesses, emphasizing copreneurship as the identity of the family businesses to make the business more resilient. Secondly, the present study also contributes to the development of transgeneration and the dark side of family businesses in family businesses, which produce the identity of business families that can reduce conflicts and ensure business continuity to maintain family heritage.

Current literature still emphasizes the importance of governance at the discussion and case study level (Gersick & Feliu 2014). Academics have called for more active family integration in the exploration of family businesses (Mustakallio, 2002; Calabrò *et al.*, 2023). However, research on family integration, including copreneurship, transgeneration, and the dark side of family businesses, and its effects on conflicts and business continuity, remain scarce, and this is a gap in the family business literature (Suess-Reyes, 2017; Franco & Piceti, 2020; Galloway *et al.*, 2022). Therefore, this article provides initial evidence on how the identity of business families affects conflicts in family businesses to ensure business continuity and maintain family legacy. The present study can also enrich social identity theory by providing a guide for business managers to determine strategies to prevent conflicts for maintaining business continuity. When a family makes business, its main priority, its identity as a family is linked to the business. The final section will discuss the theoretical framework and hypotheses, the research methodology, presentation of results and discussion, conclusions, theoretical and managerial implications, limitations, and future research.

Social Identity Theory and Resilience of Family Businesses

Social identity theory has been developed into group, social, and organizational categories (Whetten *et al.*, 2014). Social identity is an individual's knowledge of membership in a group along with the values and emotions they have in it, such as a sense of care and pride among members of a group (Tajfel, Billig, Bundy, & Flament, 1971; Turner, Brown, & Tajfel, 1979). Social identity theory makes it possible to explain the uniqueness and complexity of family businesses where all decisions are made by the family

(Frank *et al.*, 2017; Wang, Wu, & Gong, 2022).

Social identity can be considered as a construct of individual, general, and collective relationships within the family (Waldkirch, 2015; Suess-Reyes, 2017). According to Albert and Whetten (1985), individuals consider themselves as belonging to a social group or organization based on the assumption that people identify with their social group and act in their interests (Tajfel *et al.*, 1971; Turner *et al.*, 1979).

Family business is a social system divided into family and business organizational systems (von Schlippe & Frank, 2013). Thus, their perceived levels of values and emotions include a sense of belonging, a sense of care, pride, or unity with groups such as social organizations, associations, and sports clubs, expressed through the concept of family social identification (Albert & Whetten, 1985). Social identity theory can improve an individual's position and the position of his group, motivating an individual to join a group considered to benefit him as a family member (Turner *et al.*, 1979). Social identity explains group behavior where the higher the ties within the group, the higher the commitment to the group is (Whetten *et al.*, 2014; Waldkirch, 2015). Family structure and family businesses can be explained by social identity theory (Whetten *et al.*, 2014; Suess-Reyes, 2017). Furthermore, it is stated that family businesses are hybrid organizations that can differentiate the identity of business families from the identity of family businesses (Frank *et al.*, 2017).

A family business is formed by a family that runs the business. Thus, the family business's identity is also the business family's identity. The dynamics of family businesses in terms of social identity may derive from the spouse in running the business (copreneurship), transgenerational management of inherited family businesses, and the possible emergence of the dark side of family businesses (Suess-Reyes, 2017; Montiel & Clark, 2018; Franco & Piceti, 2020; Montiel Mendez & Soto Maciel, 2021). Running a business with copreneurship management begins with the commitment of the spouse or the inherited business to share authority in making business decisions (Suess-Reyes, 2017; Franco & Piceti, 2020).

A good and interactive communication to provide family members with a trust system is believed to be a value in a business family (Zellweger, Eddleston, & Kellermanns, 2010). Thus, professionalism, clear division of tasks, fairness, and flexibility in copreneurship management are part of the social identity in the family, which can prevent potential conflicts that could damage the resilience of the family business (Chávez-Rivera *et al.*, 2021; Isensee *et al.*, 2023).

Business resilience depends on the extent of trans-generational leadership of the inherited family business, given that this is the most competitive asset to ensure the family business runs well (Lansberg, 1999; Suess-Reyes, 2017). Thus, business resilience in the hands of the family represents a family achievement, reflecting the past, present, and future performance in line with the business family (Zellweger, Nason, Nordqvist, & Brush, 2013). A sense of belonging provides family members with the meaning of the business as a shared destiny under the principle of symbiotic mutualism among family members by viewing the fulfillment of business obligations as a source of pride (Sundaramurthy & Kreiner 2008). The dark side that appears in family businesses can also be understood in social identity (Montiel Mendez & Soto Maciel, 2021).

When a family business is understood as a business family, greed, egoism, bad behavior, arrogance, addiction, narcissism, and psychopathy, which lead to the destruction of the business goals, can be overcome by strong self-control inherited from predecessors or parents (Aguilera & Vadera, 2008). Other studies also show that social identity is one's concept of knowledge, and the involvement as a member of a group or family is accompanied by values, emotions, participation, a sense of caring, putting aside egoism, and empathy for one's group (Whetten *et al.* 2014).

Copreneurship and Potential Conflicts

Copreneurship is a model of businesses managed by spouses who share ownership and duties (Barnett & Barnett, 1988). During the last decade, this type of family business has received increasing attention from practitioners and academics (Muske & Fitzgerald, 2006; Franco & Piceti, 2020). Despite the fact that the concept of copreneurship has been around for a relatively long time, there remain inconsistencies in different levels of dynamic capabilities in maintaining business continuity (Branicki *et al.*, 2018). Thus, copreneurship will continue to present new challenges for research. Most definitions of copreneurship are based on a business perspective rather than on family dynamics and gender perspectives, which unknowingly have the potential for conflicts of interest that lead to business continuity (Qiu & Freel, 2020).

Copreneurship couples have an important and integrated relationship with their company, especially in gender dynamics and roles (Franco & Piceti, 2020). Managing copreneurship often creates an imbalance in personal relationships with the profession in business

(Cole & Johnson, 2007; Bensemman & Hall, 2010). Previous studies indicate that when couples work together to run a business, there may be greater tensions, referred to as role conflicts, which can lead to business conflicts and family conflicts (Danes & Ol Son, 2003) due to the ambiguity of work and family roles (Carr & Hmieleski, 2015). The function of a family as the smallest unit cannot be underestimated in the development of practices, beliefs, values, and norms in businesses run by copreneurship; for example, family and gender dynamics have an active contribution to supporting business resilience (Hedberg, Seibold, & Afifi, 2012; Henry *et al.*, 2015; Chávez-Rivera *et al.*, 2021).

Copreneurship in business describes family relationships so that women's involvement has an important role in running the business (Chua, Chrisman, & Chang, 2004). This point is corroborated by Franco and Piceti (2020), arguing that the development of copreneurship in the labor market is increasing. It starts from working with a partner where women never count their efforts or are not paid, merely helping with administrative tasks. Thus, in choosing a career, women are forced to help their husbands in running their businesses. Despite the informal involvement, women's leadership role in making decisions is very important (Blenkinsopp & Owens, 2010; Franco & Piceti, 2020). Other studies show that women have a dual role. Apart from helping their husbands as unpaid workers, women also serve as wives and mothers of their children, who are successors of their life partners (Dyer, Dyer, & Gardner, 2013). When their dreams do not come true and often run individually, the family business balance and psychological harmony can be disrupted (Lansberg, 1999; Carsrud & Brännback, 2012). In addition, the unfair distribution of projects and shares can also give rise to conflicts. Many other studies fail to observe the relationship between family and business, due to the division of work and family into public and private life (Ahl, 2006; Carradus, 2017).

Previous studies show that conflicts are affected by emotional and affective decision-making (Werner, 2004; Franco & Piceti, 2020). This is due to the failure to separate public and private life in business, love and work, and personal and business relationships as unique flavors, which leads to non-objective and irrational decisions (Kim & Gao, 2013). Copreneurship gives birth to couple leadership; when the spouse does not adopt the basics of professionalism, small tensions often trigger conflicts that disrupt business management (Ardayan, Timotius, & Sutrisno, 2023). In feminist literature, the role of women cannot be

changed, especially as it is tied to its main culture. In developing countries such as Indonesia, gender, and sex typing cannot be separated (Franco & Piceti, 2020). Women tend to have less motivation and individual skills to manage a business due to their dual roles in the family, so the role disparity triggers conflicts in the future (Tompson & Tompson, 2000). Thus, the following hypothesis is proposed.

H₁: Businesses managed by copreneurship are positively related to conflicts.

Transgeneration and Family Business Conflicts

Generations are the sociobiological pillars of organizations and communities, which are the transmission of knowledge, skills, and resources that interact with each other, which can trigger conflict, new social structures, social identities, and business strategies (Lippmann & Aldrich, 2016; Magrelli, Rovelli, Benedetti, Überbacher, & De Massis, 2022).

A transgenerational family business is a new perspective among academics. It describes a family's ability to transfer the family business from generation to generation (Cruz & Nordqvist, 2012; Puzi, Ismail, & Jaafar, 2020). The continuity of a family business is an indicator of past, present, and future leadership performance (Suess-Reyes, 2017; Hoffmann, Jaskiewicz, Wulf, & Combs, 2019). The biggest challenge of family businesses across generations is the consistency of goals and power transitions, which may affect the success or destruction of the business (Cheng, Ho, & Au, 2013). In the first generation, the founders delved into the learning process and gained experience in the ups and downs of managing their family businesses; however, in the following generations, the imbalance of interests and business goals triggered conflicts (Puzi *et al.*, 2020).

Conflicts could be interpersonal conflicts among families due to the addition of new family members from the descendants of each partner, which ultimately leads to increasingly complex processes and tasks (Ardayan *et al.*, 2023). Disputes among families in the next generation are possible due to a lack of ownership and love for the inherited business, thus affecting commitment, perspective, and attitudes toward business continuity (Hoelscher, 2014; Paskewitz, 2021). Previous literature states that transgenerational differences in goals and perspectives lead to conflicts (Alesina, Stantcheva, & Teso, 2018).

The intergenerational perspective on the transfer of tangible and intangible resources, the relationship between parents and biological children, and the relationship between parents and non-nuclear families

will produce numerous issues that can trigger conflicts (Chetty & Hendren, 2018; Chetty, Friedman, Saez, Turner, & Yagan, 2020). Transfer of resources, both tangible such as assets and intangible in the form of education or knowledge, is influenced by relationships within the family, in which parents tend to force their children regarding the continuity of the family business (Huang, Chen, Xu, Lu, & Tam, 2019; Magrelli *et al.*, 2022). Transfer of intangible resources, such as human resources, knowledge, or education, is usually unstructured and difficult to observe; in the future, this can trigger conflicts when these assets are monetized and subsequently reported in the company's financial statements (Schell, Hiepler, & Moog, 2018).

Previous studies indicate that jealousy among family members due to transgenerational inequality of individual motivation, capabilities, and skills has an effect of creating conflicts, including conflicts between parents and children, subsequent transgeneration conflicts with siblings or other family members, and conflicts between parents and the next non-nuclear family generations (Ling, Baldrige, & Craig, 2012). Thus, the transgenerational transition will make it difficult to align the interests and vision of family businesses of different generations. Thus, the following hypothesis is proposed.

H₂: Transgeneration management is positively related to family business conflicts.

Dark Side of Business Families and Family Business Conflicts

The dark side is a novel perspective in the study of SMEs in family companies (Montiel Mendez & Soto Maciel, 2021). Kets de Vries (1985) coined the term dark side itself. Dark side elements in family businesses cause unproductive and destructive outcomes (Baumol, 1990). So far, research has only used the dark side as an attribute (Montiel & Clark, 2018) rather than a construct in relation to business continuity, especially in family businesses. The dark side of family businesses originating from family members includes personality, egoism, greed, arrogance, bad behavior, and disharmonious interpersonal relationships (Diéguez-Soto, López-Delgado, & Rojo-Ramirez, 2015). According to Montiel Mendez and Soto Maciel (2021), the dark side of family businesses is a disturbing and destructive construct (Harbi *et al.*, 2020). The construct of the dark side has been adopted in such various branches as business practice theory, information leakage, and the use of technology (Martin, 2014; Frishammar, Ericsson, & Patel, 2015;

Townsend, 2016). The dark side leads to the family's desire to perpetuate business power, thus encouraging the next generations to be more conservative and reducing their enthusiasm for making risky investments and being likely to benefit personally over the interests of stakeholders (Le Breton-Miller & Miller, 2016). The dark side in business families triggers diverse motives, frequently ignoring rational and economic decision which leads to strategic misdirection (Gómez-Mejía, Makri, & Larraza-Kintana, 2010), such as avoiding excessive risks, being slow to respond to opportunities for fear of losses, and wasting opportunities (Jin, Lee, & Hong, 2021).

Apathetic behaviors prevent the business from developing, tend to think merely about the family at the moment, and ignore the continuity of the business. When a business family loses control, it can threaten the company's ability to keep the business running, employ family members, maintain harmony, and maintain its social status (Hiebl, 2014).

A bad personality inhibits a company's growth rate, is selfish, tends to be introverted, and avoids risks (Wang & Poutziouris, 2010; González, Guzmán, Pombo, & Trujillo, 2013; Le Breton-Miller, Miller, & Lester, 2011). Family businesses usually do not have their own research institutions due to limited resources, tend to be less innovative, and have a low preference for accelerating growth from debts due to being afraid of risks (Wang & Poutziouris, 2010).

Family businesses that have been developing usually have more and more family members. Each family has their own goals, where the dark side begins to create egoism, self-centeredness, and such bad behaviors as having an extravagant lifestyle; therefore, they ignore business continuity, which triggers family conflicts (González *et al.*, 2013). Higher risks, which should be able to increase the continuity of the business, are not taken. Conversely, they tend to enjoy their comfort zone without paying attention to the continuity of the family business. Thus, the following hypothesis is proposed.

H₃: The dark side of business families is positively related to business-family conflicts.

Family Conflicts and Business Family Resilience

A conflict is an interactive process reflected in disagreement, tensions, competition, dilemmas, disputes, and contentions among social entities (Rahim, 2023). There are two types of conflicts in family businesses: family ownership conflicts and family business conflicts (Qiu & Freel, 2020). Family ownership conflicts arise when there is unequal share

ownership between the majority and minority families, which can affect decisions to boost growth or distribute dividends (Meier & Schier, 2016). In addition, family ownership conflicts also arise due to conflicts of interest in pursuing personal interests (Martínez-Ferrero, Rodríguez-Ariza, & Bermejo-Sánchez, 2016).

Furthermore, previous studies also state that disagreements regarding the continuation or change of ownership, leadership succession, distribution of power and assets, and management's vision of business existence trigger conflicts (Meier & Schier, 2016; Rahman & Mendy, 2019). Family business conflicts include personal issues that can trigger negative emotions, which have an impact on business continuity, disputes over which tasks should be completed first and who should be responsible, and arguments among families related to business management during and after the change of leadership (Zattoni, Gnan, & Huse, 2015).

Perceived injustice is a source of conflicts frequently occurring among family members, such as parents' injustice towards their children, who are the next generations in running the business (Alderson, 2015; Qiu & Freel, 2020). This injustice triggers rivalry among siblings, destroying and affecting the family business's resilience (Alderson, 2015). Non-interactive communication, can cause distortion of information and more tenuous social relationships among family members, trigger conflicts, and make family businesses vulnerable (Davis & Harveston, 2001; Michael-Tsabari & Weiss, 2015).

Family business resilience is the ability to adapt to survive and bounce back in the face of internal and external turmoil (Hayward, Forster, Sarasvathy, & Fredrickson, 2010; Manfield & Newey, 2017). Such internal disturbances include family conflicts, disharmonious personal relationships, unclear division of tasks, resource allocation, and debate over who is responsible for doing what (Ardyan *et al.*, 2023). Meanwhile, external disturbances include product failure, market rejection, and global macroeconomic turmoil (Ciasullo, Montera, & Douglas, 2022).

Family business resilience describes adapting to critical events and carrying out a continuous process through communication, shared values, and goals (King, 2016). Furthermore, family resilience, social support, and integration among families in believing in family values in social identity are important in preventing conflicts that threaten business continuity (Suess-Reyes, 2017; Zehrer & Leiß, 2019). Thus, the following hypothesis is proposed.

H₄: Conflicts in family businesses are positively related to business resilience.

See Figure 1 for a visualization of the conceptual model.

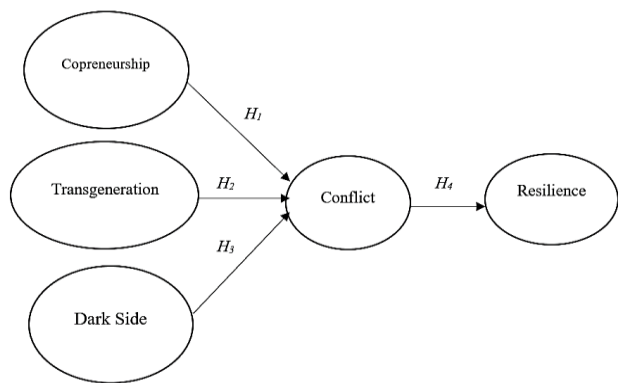


Figure 1. The proposed model

Research Methods

Sample and Data Collection

The sample used in this research was batik SMEs managed by couples. It is derived from the Indonesia Small and Medium-sized Enterprises and Cooperatives Office database. The criterion for small businesses was family businesses with less than five employees. The number of Indonesian batik businesses was 2,951 (Balai Besar Kerajinan Batik, 2022), of which 432 were taken randomly as businesses managed by families or couples. The questionnaires were distributed manually, assisted by eight final-year students who took entrepreneurship courses. A total of 178 (41.2%) respondents returned the questionnaires deemed to meet the question criteria. According to Hair, Howard, and Nitzl (2020), a good sample size for PLS-SEM ranges from 100 to 200 respondents. Thus, the sample employed in this study is scientifically considered to meet the requirements. 112 (62.92%) respondents stated that they were owners, and the remaining 66 (37.07%) were managers in a family business. To ensure that the sample was truly a family business, capital or share ownership should be more than 50%. This was to determine voting rights in business succession or development decisions. On average, businesses should be managed for at least 25 years (median, 52). There were 116 (65%) business managers in the first generation, 37 (21%) in the second generation, 19 (11%) in the third generation, and 5 (3%) in the fourth generation.

Instruments and Measures

The present study used a questionnaire for data collection. To ensure the possibility that the questionnaire had weaknesses in the design of the questions, it was tested on 20 respondents. This was important to avoid

misunderstandings in ambiguous and offensive questions (Cooper & Schindler, 2013). Questions used a Likert scale of 1 (strongly disagree) to 7 (strongly agree). This is the most refined scale to obtain a higher level of accuracy for measuring an individual's attitudes, opinions, and perceptions (Burkert, Fischer, Hoos, & Schuhmacher, 2016).

The present study was developed from previous studies with 26 question instruments (see Table 1). First, the copreneurship construct was measured by seven question items adopted from Franco and Piceti (2020), Bensemam and Hall (2010), and Galloway *et al.* (2022) with a Likert scale of 1 (strongly disagree) to 7 (strongly agree). The transgeneration construct consists of seven question items adopted from Suess-Reyes (2017), Magrelli *et al.* (2022) and Alesina *et al.* (2018) with a Likert scale of 1 (strongly disagree) to 7 (strongly agree). The family business's dark side construct was measured by five question items adopted from Harbi *et al.* (2020) and Montiel Mendez and Soto Maciel (2021) with a Likert scale of 1 (strongly disagree) to 7 (strongly agree). The conflict construct

consists of four question items adopted from Qiu and Freel (2020), Ciasullo *et al.* (2022), and Ardyan *et al.* (2023) with a Likert scale of 1 (strongly disagree) to 7 (strongly agree). Lastly, the family business resilience construct was measured by four question items adopted from Suess-Reyes (2017), Rahman and Mendy (2019), and Zehrer and Leiß (2019), with a Likert scale of 1 (strongly disagree) to 7 (strongly agree).

Control Variables

Family business age, family business size, and family business generation were used as control variables since they are positively correlated with conflicts (Brigham, Lumpkin, Payne, & Zachary, 2014; Suess-Reyes, 2017). Family business age describes how the transition period is going well; business size describes how the family business is managed by accommodating a certain number of workers, while generation describes how many times the family business has been managed across generations (Zellweger *et al.*, 2015).

Table 1
Instruments, Loading Factors, CR, and AVE

Constructs	Items	Loadings/ Weights
Copreneurship (Bensemam & Hall, 2010; Franco & Piceti, 2020; Galloway <i>et al.</i> , 2022) CR: 0.80, AVE: 0.76	The work in this family business is divided with my partner.	0.86
	Decisions are taken democratically with my partner.	0.84
	This family business does not have gender discrimination when running it.	0.76
	Despite the family business, personal assets are separated from business assets.	0.82
	We manage this family business professionally.	0.76
	We trust each other when running the business.	0.78
	Our communication goes well with couples.	0.72
Transgeneration (Suess-Reyes, 2017; Alesina <i>et al.</i> , 2018; Magrelli <i>et al.</i> , 2022). CR: 0.84, AVE: 0.88	The transgenerational process is carried out democratically.	0.74
	Transgenerational leadership makes the business better.	0.76
	Transgenerational leadership shares the same vision as the founders.	0.77
	Transgenerational leadership plays fair with the rest of the family.	0.78
	Parents and children always work together to run the family business.	0.76
	Parents and children often discuss the future of the family business.	0.87
	Parents and children build the family business together.	0.88
Dark Side (Harbi <i>et al.</i> , 2020; Montiel Mendez & Soto Maciel, 2021; Jin <i>et al.</i> , 2021) CR: 0.78, AVE: 0.84	I want to perpetuate power over this business.	0.76
	I think we must maintain this business despite the changing generations.	
	I suspect that family members are incompetent in managing this business.	0.74
	I feel an unfair distribution of profits in this business.	0.67
	I feel that this business should not continue.	
Conflict (Manfield & Newey, 2017; Ciasullo <i>et al.</i> , 2022; Ardyan <i>et al.</i> , 2023) CR: 0.86, AVE: 0.82	Personal hostility and incompatibility can spill over such into negative emotions as irritation.	0.73
	The method of completing tasks is not well-directed.	0.74
	Each family scrambles to complete its own tasks in this business.	0.78
	Each family member pursues their own interests in running this family business.	0.74
	Family businesses have a fast adaptation in the face of change.	0.76
Resilience (Suess-Reyes, 2017; Rahman & Mendy, 2019; Zehrer & Leiß, 2019)	Its human resources have high resilience to rise from adversity.	0.75
	A human resource development program manages family businesses.	0.82
	Family businesses have quite strong capital.	0.77

Table 2
Correlation Matrix CFA (Fornell-Larcker Criterion)

	Copreneurship	Transgeneration	Dark Side	Conflict	Resilience
Copreneurship	0.78				
Transgeneration	0.25	0.76			
Dark Side	-0.03	0.11	0.82		
Conflict	0.21	0.12	0.05	0.76	
Resilience	0.44	0.12	0.14	0.13	0.86
Age of Business	-0.86	-0.61	-0.03	-0.01	-0.06
Size of Business	-0.04	-0.05	-0.01	-0.21	-0.04
Generation	-0.13	-0.83	0.07	-0.01	-0.03
Composite Reliability (CR)	0.94	0.93	0.61	0.73	0.12
Average Variance Extracted (AVE)	0.77	0.78	0.77	0.85	0.81
Mean	0.45	0.34	0.87	0.43	-0.04
Standard Deviation (Sd)	0.24	0.08	0.04	0.02	0.12

Model fit: $\chi^2 = 2.146$; $p < 0.010$; $df = 1.609$; CFI = 0.913; TLI = 0.920; RMSEA = 0.080; SRMR = 0.080

^a The square roots of AVE for each construct are presented in bold on the diagonal of the correlation matrix.

^b AVEs of formative indicators are not applicable

^c Note. $N = 178$.

Measurement Model

Structural equation modeling (SEM) with AMOS 22.0 was used to test CFA. As recommended by Williams, Vandenberg, and Edwards (2009) regarding goodness-of-fit measures: (1) comparative fit index (CFI) ≥ 0.95 , (2) root-mean-square error of approximation (RMSEA) ≤ 0.08 , and (3) standardized root mean residual (SRMR) ≤ 0.10 .

The hypothesized measurement model, consisting of copreneurship, transgeneration, dark side, conflicts, and family business resilience, is in accordance with the data and meets the minimum requirements: $\chi^2 (211) = 791.0$; ($p = 0.00$); CFI = 0.99; RMSEA = 0.08; and SRMR = 0.08 and is as recommended by Hair, Black, Babin, and Anderson (2010). This research model shows measurement equality with differences in RMSEA among the five samples; the constrained and unconstrained models are very small at 0.006 (0.024 versus 0.026), below the critical value established by Cheung and Rensvold (2000). Thus, it provides the authors with confidence that the sample has metric invariance and can be analyzed.

Results and Discussion

Confirmatory Factor Analysis

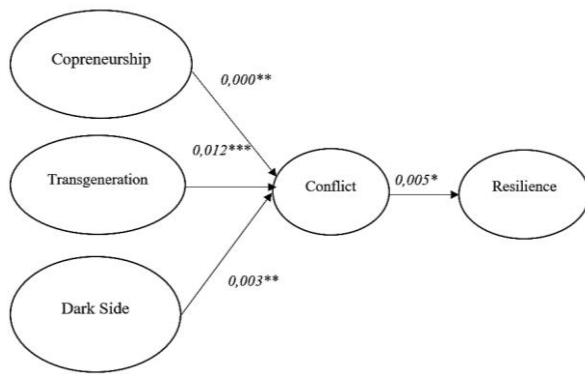
Prior to performing hypothetical testing, convergent and discriminant validity were first assessed for copreneurship, transgeneration, dark side, conflicts, and family business resilience by means of confirmatory factor analysis to test the variables empirically and cover different constructs. The analysis results show that the five-variable model fits very well with the

data of comparative fit index [CFI] = 0.87; Tucker – Lewis index [TLI] = 0.92; incremental fit index [IFI] = 0.88, and root mean square error of approximation [RMSEA] = 0.98. Thus, these results indicate that copreneurship, transgeneration, dark side, conflicts, and family business resilience have sufficient discriminant validity to test our hypotheses. Subsequently, each scale's adequacy was tested, consisting of the number of statement items that cover each construct, as shown in Table 2.

Each construct has a reliability of above 0.76, thereby showing internal consistency. In addition, the average variance extracted (AVE) ranges from 0.77 to 0.85, indicating that the construct is greater than the variance caused by measurement error (Fornell & Larcker, 1981). The data's common method variance (CMV) was the final test. There are two approaches to testing for CMV. First, the commonly used single-factor test was performed. The results of the observations indicate that no single factor explains a substantial portion of the total variance in the data. Then, a common method factor test was conducted, showing that the method variance is very small relative to the substantive variance (ratio of 57:1). The small method variance indicates that CMV is not a major issue in the data.

Hypothesis Testing

The test results show (see Figure 2) for the first hypothesis that copreneurship is positively related to conflict; secondly, transgeneration is positively related to conflicts; thirdly, the dark side of business family is positively related to conflicts; and, finally, conflicts are positively related to family business resilience.



Note: → Hypothesis Path; * $p < .10$, ** $< .01$

Figure 2. Test results

Thus, all research hypotheses are accepted. The results of hypothesis testing are shown in Table 3 and Figure 2.

General Discussion

Empirically, in businesses established by spouses or inherited, especially batik businesses with a copreneurship model in Indonesia, and based on the proposed hypotheses, there is a potential conflict in terms of family dynamics and gender, which are the parameters for the continuity of family businesses. When a couple does not have a clear separation of positions and functions between husband and wife, motivation and dedication to work, trust, flexibility, communication of shared goals, transparency, and balance between family and work, family conflicts emerge, leading to business conflicts. This has been proven by Franco and Piceti (2020). The process of copreneurship as part of leadership is a characteristic of the participative leadership model, which shows management flexibility while learning to develop a better business. An important finding regarding the function of copreneurship in preventing conflict is that self-awareness constitutes a family’s social identity and value that is believed to be the glue in a business family. Transgenerational leadership transitions also affect the continuity of a family business (Suess-Reyes, 2017). Transgenerational success describes past, present, and future performance and includes an important variable: preventing conflicts. Conflicts include relationship conflicts among families, conflicts over resolving various issues or work, and task conflicts regarding who does what and who is responsible for what (Qiu & Freel, 2020; Magrelli *et al.*, 2022). The research findings help family business managers manage conflicts so that the family business becomes more resilient because of past experiences. The dark side is the attitude of business family behavior, which is a latent danger for the emergence of

conflicts. Bad behavior, greed, and selfishness are human traits that can occur at any time and are very dangerous and affect business continuity (Montiel Mendez & Soto Maciel, 2021). This finding goes beyond previous research literature where the dark side tends to emerge in the next generations when the business starts to develop and has to pursue growth so that the risks to be taken are very large and delay the distribution of shares. However, what is done is only pursuing personal gain, and the decisions are short-term. An important finding of the present study is that the resilience of family businesses that originate from conflict is that companies are becoming more immune and resilient since numerous conflicts caused by family and gender dynamics can be identified. Furthermore, changes in management across generations and the dark side of family members until recently have rarely been subject to academic studies. Thus, the more frequently a family business is hit by numerous problems, the more resilient it will be in running and sustaining. The social and emotional ties among family members make relationship conflicts commonplace in family businesses, making family business organizations more agile.

Table 3
Hypothesis Testing

	Structural Path	Standardized Estimate	t-statistic	p-values
H_1	Copreneurship – Conflict	0.36	5.61	0.00**
H_2	Transgeneration – Conflict	0.51	4.12	0.01**
H_3	Dark Side – Conflict	0.21	9.70	0.03**
H_4	Conflict – Resilience	0.31	10.49	0.05**

*Significant at $p < 0.05$ ** $p < 0.01$; *** $p < 0.001$.

The present study also found that family adaptability to numerous changes, such as family structure, power structure, and role relationships, is more important than family cohesion in predicting organizational commitment, job satisfaction, and life satisfaction. Thus, this experience is important for family businesses to learn and adapt their conflict management strategies to changing conditions.

Conclusions and Implications

Based on hypothesis testing and discussion, a business managed by a spouse is the result of a shared dream of the spouse. It should be managed professionally, with a clear separation of duties, strengthening of relationships through trust, flexible communication,

and shared goals in perpetuating the business to make it more resilient. In order for the leadership transition to run well, it should be carried out through communication between parents and children, and there is coherence in business vision and goals, learning together from an early age, and discussing the future of the business with all family members and the next generations. Factors affecting the emergence of the dark side come from poor family relationships. Strengthening a family's social identity is a way to reduce the potential for conflict to arise in a family running a business. Family social identity provides a way to capture and explain the family structure's meaning and business's business components.

Theoretical Implications

The present study has an important contribution to the literature. First, this study expands the literature on family social identity as a new way to collaborate the constructs of copreneurship, transgeneration, and dark side in preventing conflicts and making family business resilient. Copreneurship can be made through relationships that affect interactions among people when working together as a team that prioritizes justice, mutual respect and trust, open communication, spouse relationships, family harmony, commitment, and balance between work and home. Family business transgeneration is built and managed through learning strategies that can foster a sense of ownership and continue the business from generation to generation through a stronger family social identity for business continuity across generations.

A family business is managed with the intent to shape and achieve a business vision held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is likely to be sustainable across generations of the family or families. Only a few studies have discussed conflicts and strategies that originate from internal factors, such as family dynamics, regeneration, and the dark side of family members, in relation to family business resilience. Adopting social identity theory as a new construct can fill the empirical gap and clarify how internal factors can reduce family conflicts that threaten business resilience and continuity.

Managerial Implications

These findings have important implications for couples or business families who run a business. Businesses built by spouses are based on professionalism that can balance family and business. Harmonious couples can reduce conflicts through

mutual trust, communication, and flexibility. Professionalism can affect business spouses' decision-making. Good transgeneration should be made early through family governance that can generate interest and continued commitment to the inherited business (Suess-Reyes, 2017).

Transgeneration is well-designed through the development of a constitution within the family as the embodiment of family values and agreed goals. The family governance system has an effect on families and businesses, making them stronger when facing internal and external turmoil. The dark side of the family business plays an important role in conflicts since the systemic position of family members' attitudes and behavior can be mapped, allowing for monitoring and early mitigation.

Limitations and Future Research

The present study has limitations and proposes directions for further research. First, the existing database at the Office of Cooperatives and SMEs in Indonesia has not yet identified the ownership status of businesses managed by a spouse or inherited. Thus, care is needed to delve into information in order to obtain objective information. The limited objectivity of respondents' responses from personal observations and impressions, whose narratives are fully laden with personal feelings, may cause biased information. Future studies can be undertaken using a qualitative research approach with a verification-evaluative design.

Second, businesses established through copreneurship and managed with couple leadership are a gray area where it is difficult to separate personal, family, and business interests. Emotional and affective approaches frequently predominate, leading to non-objective decision-making and potential conflicts. Future studies can explore the antecedents of copreneurship in preventing conflict by explaining broader dynamics and gender by considering cultural factors and feminist theory.

Third, transgenerational determines that the existence of the business remains in the hands of the family; however, the next generation does not necessarily guarantee expertise in managing the business legacy, with a strong transgenerational orientation not necessarily resulting in a succession of the leadership of the family business. Due to such other factors as finances, successors do not want to continue the business and instead want to immediately sell or close their business.

Future studies can investigate how transgeneration works according to succession and performance. Fourth, the research results do not explore the causes of

many negative characteristics appearing in the personality of the founder or business family members, which lead to the possibility of dark sides of family business disrupting business sustainability. Future studies can examine the relationship between negative personality characteristics and positive dynamics, paving the way to easier management of the family business dimensions.

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