



FACTORS SHAPING THE ORGANIZATIONAL AGILITY OF FAMILY BUSINESS

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Abstrak

Sebagai kontributor GDP terbesar di Indonesia, Dinamika bisnis keluarga adalah topik yang menarik untuk di teliti. Kompetisi yang makin meningkat paska Covid-19 dan ekonomi yang makin terbuka, membawa tantangan tersendiri bagi bisnis keluarga untuk bertahan atau berkembang. Bisnis keluarga perlu lebih lincah untuk merespon ancaman yang dihadapinya. Penelitian ini dilakukan untuk menentukan pengaruh Modal Sosial (X1), Inovasi Bisnis Keluarga (X2), Kapabilitas Dinamis (X3) terhadap Ketangkasan Organisasi (Y). Penelitian ini dilakukan menggunakan metode kuantitatif, kepada 180 responden yang merupakan anggota bisnis keluarga, dengan menggunakan metode purposive sampling dan menggunakan analisis regresi linear berganda untuk menganalisis faktor-faktor yang memberikan pengaruh signifikan terhadap kelincuhan organisasi. Ketiga variabel bebas dapat diandalkan valid dan berpengaruh positif dan signifikan terhadap kelincuhan bisnis keluarga..

Kata Kunci : *Modal Sosial, Inovasi Bisnis Keluarga, Kapabilitas Dinamis, Ketangkasan Organisasi, dan Bisnis Keluarga*

Abstract

As the largest contributor to Indonesia's GDP, the dynamic of Family Business is an interesting subject to be researched. The tougher competition as the economy recovers post covid-19 and also a more open economy, bring challenges for family businesses to survive or thrive. Family business need to be more agile to respond any threat of its existence. The research is conducted to determine the effect of Social Capital (X1), Family Business Innovation (X2), and Dynamic capabilities (X3) on Organizational Agility (Y). The research is conducted using the quantitative method to 180 Respondents who are family business members, by utilizing the purposive sampling method and multiple linear regression to analyze the factors that provide significant effects on organizational agility. All three factors are found to be reliable and valid. The result of the research presents the positive and significant influence of those three independent variables on Organizational Agility in Family Businesses.

Keywords: *Social Capital, Family Business Innovation, Dynamic Capabilities, Organizational Agility, and Family Business*

INTRODUCTION

The Pandemic led by the COVID-19 virus has provided the global market with an example of a major turbulence that many had not previously predicted, due to such circumstances. 10,000 businesses have filed for closure (Laurent Thomas, 2021). This was due to various factors but mostly, the rapid changes in the overall market value and needs kept many businesses from surviving (Poulson, 2022). Here, any form of strategy is needed in order to survive such turbulence, often relying on networking in order to provide a secure channel to support the business. Furthermore, innovation is needed, especially in businesses with family members, as it is an advantage compared to companies that are not family businesses (Thrassou et al., 2018)

However, as various family businesses grow, the existence of values emerging from both family and corporate settings becomes an additional conflict that needs to be faced (Bettinelli et al., 2021). With Indonesia being a country that has a competitive market, the lack of various aspects of a business can lead to failure (Chandra, 2021). Due to that, the emphasis on being able to adapt is necessary to accommodate changes found in both internal and external environments, either to sustain, maintain, or develop business–organizational agility.

This scenario is a prime example of the need for an organization's ability to be able to adapt and change from the various circumstances that are imposed by the environment or market that they are in. Hence, the company must have a huge tolerance and agility to further adopt various strategies that can be utilized in the company to follow the unpredictability of the market. However, many firms focus heavily on a singular aspect that can often lead to various constraints in both strategy and agility. Here the dynamic capabilities of a business are regarded as something vital, being mentioned as 'the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments' (D. J. Teece et al., 2009).

In the dynamic corporate world of today, organizational agility has become essential. Family firms, on the other hand, have particular difficulties in being agile and adjusting to change because of their particular traits and underlying complexity (Aghasi et al., 2022). Previous studies have focused on the individual characteristics that impact organizational agility; nevertheless, there is still a lack of comprehensive knowledge on the interaction between social capital, family business innovation, dynamic capacities, and agility in this particular setting. This vacuum in the literature offers a chance to investigate how these factors interact and how they affect agility in family-owned businesses as a whole.

Social capital refers to the resources embedded in social networks and relationships that facilitate cooperation, knowledge exchange, and trust (Nahapiet et al., 1998). Research suggests that social capital can enhance information sharing, collaboration, and decision-making, potentially leading to greater agility (Obstfeld, 2005). However, a gap exists in understanding how family business characteristics (e.g., size, generation, ownership structure) on the relationship between social capital and agility. Family businesses exhibit diverse characteristics that may influence the effectiveness of social capital in achieving agility (Belkhdja & Daghfous, 2021).

Family businesses often demonstrate unique strengths in innovation, driven by factors like long-term commitment, shared vision, and entrepreneurial spirit (Memili et al., 2018). However, research is needed to explore the specific types of innovation (incremental vs. radical, product vs. process) and their impact on agility within family businesses. Different types of innovation may have varying effects on agility, requiring further investigation (Tidd & Bessant, 2014).

Dynamic capabilities refer to the firm's ability to sense and exploit opportunities, reconfigure resources, and adapt to change (Teece et al., 1997). Research emphasizes their importance for agility, but further exploration is needed to understand which specific sets of dynamic capabilities are most relevant to enhancing agility in family businesses. Different types of dynamic capabilities may be more or less relevant depending on the context and characteristics of the family business (Eisenhardt & Martin, 2000).

There are few empirical studies examining the joint impact of organizational agility, dynamic capabilities, family business innovation, and social capital. Although individual elements have been studied, there is still a lack of research on how these factors work together to affect agility in family firms. Insufficient investigation into the unique obstacles and prospects encountered by family-owned enterprises in cultivating and utilizing these elements to improve their agility. It is important to conduct more research since family firms may have particular difficulties in building social capital, encouraging

innovation, and creating dynamic skills.

In conclusion, the new era of unpredictable markets in addition to its environment, and the narrow point of view in business development creates many new opportunities and threats that family businesses would have to face in their respective industry. With that in mind, it is vital that we procure the effect of social capital, family business innovation, and dynamic capabilities toward organizational agility in family business. The research objectives of this study are:

1. To acquire knowledge on whether social capital significantly affects the company's agility towards family business.
2. To acquire knowledge on whether family business innovation significantly affects the company's agility towards family business.
3. To acquire knowledge on whether dynamic capabilities significantly affect the company's agility towards family business.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Grand Theory - Theories of change

The types of interventions (a single program or coordinated initiative) that lead to the results shown on the outcomes framework map that are described by a theory of change. The causal framework links each intervention to an outcome, showing the frequently intricate network of action needed to effect change. The framework offers a working model that can be used to evaluate assumptions and hypotheses about what behaviors will best result in the outcomes in the model. (Dana et al, 2012) Although theories of change have been around since the middle of the 20th century, the more widespread idea was only brought to the evaluating community in the 1990s under various names such as program theory, program logic, and impact pathways. A theory of change has been defined as an explanation for how a program produces its effects (Scriven et al, 1991).

The discipline of theory-driven evaluation, which gained popularity in the 1990s (Chen & Indartono, 2011), is where a theory of change's historical origins may be found. By encouraging system's designers to openly express how they intended a program to function, theory-driven evaluation aimed to go beyond the unsophisticated input-output concept of evaluation and make underlying assumptions explicit. This enables an evaluator to make direct links between a specific intervention and its results, better understanding what is implemented and why. Making an initiative's underlying justification clear allows for methodical examination, evaluation, and revision as it is carried out (Cobb et al., 2003).

Variables underlying the Theory of change provides an understanding of various instances where strategies, along with its identification, process, and impacts are considered (Dhillon & Vaca, 2018). Considering the various elements present, Theory of change is connected to the variable that is currently being discussed by the paper through the various processes of intervention, along with the coinciding dimensions/elements that the theory has. Here, Social Capital theory, Family Business Innovation and Dynamic capabilities can be seen to have connection to Theory of change.

Social Capital

Social Capital which is often seen as the form of relationship that provides results through various connections is to be related to the element of generic causal link, where results due to components which in this case is seen as action defines the essence of cause-and-effect. Here, generic causal link provides a foundation where social capital is seen in the theory's stage, furthermore, as stated by (Dhillon & Vaca, 2018) where theory of change words in conjunction with the stages of intervention which is defined as the stages in which change may occur due to activities that the program is derived to function at. Here, Social capital is connected to the design phase of intervention, as shared thinking along with discussions regarding what to consider and intervened is prevalent, here social capital is utilized as a tool to provide informational and resource-based considerations when deciding in changes or activities needed

as it may provide causal effects and result in changes that can determine the success or failure of a firm (Jessri, 2018).

Family Business Innovation

Family Business Innovation is a form of vital element of change through usefulness, impact, and meaning (Dhillon & Vaca, 2018), the example given provided by the journal "Refining theories of change" by Lovely Dhillon provides the implication that company that seeks change ought to approach the means of innovation at level of evidence in the spectrum of change. Furthermore, innovation in family firms is found through the output of change, where products/services or programs that are innovated provide immediate results, which in turn is seen by the size and scope that the innovation impacts (Duran et al., 2016). Other than that, family business innovation further connects through the strategies, which is defined as the approaches that would be taken; where innovation regarding process and procedure are related to, as immediate effect does not directly happen until implementation.

Dynamic Capabilities

Dynamic capabilities is further emphasize by the competence that are collected and utilized as a notion of change (Dhillon & Vaca, 2018). Dynamic capabilities are tied to the outcome and eventually impact in the dimension of change through the process of integration, along with the internal and external competencies. Here the collection of various competence and strategies that are implemented can be reflected in the outcome of changes, where strategies and results are listed in various stages; short, intermediate and long terms. This in conjunction provides processes needed in order to obtain the objective at hand, such as the adaptation or actions needed in environment with rapid changes which is prevalent. Furthermore, the process of integration can again be viewed as the outcome because of the process that is needed to provide result or impact (Pettus et al., 2009).

Lastly, the grand theory's connection with organizational agility is emphasized due to the similarity that both components' end-result focusing on the impact that is needed through changes, here strategies including innovation, execution, and development is formed through strategies and focusing on the impact of change as the end-result that is needed by the family business where all strategies and implementation executed provides a development in the firm (Wufka & Ralph, 2015)

It is important that family business inspects further regarding their ability to provide the company with the competencies needed to address themselves to changes that are often unexpected, Covid-19 being a good example. Here a strong dynamic capability is needed in order to provide efficient organizational agility. Arsawan, Hariyanti, Atmaja, Suhartanto, & Koval (2022) states that there are 5 indicators of an organization's agility, they are: (1) Seizing possibilities in opportunity (2) Sensitivity to environmental changes, (3) Decision-making agility, (4) Resource, process, and technology adaptation and (5) Taking into account new prices, marketing, manufacturing or partnership actions

Social Capital is defined as a feature that results from a social relationship, providing productive benefits that an individual can utilize (Machalek & Martin, 2015). Social Capital has become a key tool for family businesses (Clarfeld, 2019), by utilizing the networking system that has been made, the business is able to grow at a faster rate due to market and social exposure created by social capital (Arsawan et al., 2022). Grootaert & Bastelaer (2002) presents 3 indicators that measure the amount of social capital an individual has: (1) Membership in local associations and network, (2) adherence to the group's norm, and (3) Collective action

Family Business Innovation is defined as a group of activities where businesses idealize, design, manufacture, and introduce new products, services, procedures or business models (Freeman, 1976), in order to create a competitive advantage, many firms have to compete regarding their uniqueness or efficiency in the business. The connection

between Family business innovation and organizational agility is discovered through the study conducted by (Arsawan et al., 2022). Family business innovation has become a recent strategy for future generations of family business owners for developing the business (Rondi et al., 2019). Cheung, Haw, Tan, & Wang (2021) proposes the usage of 3 innovation input and output to measure family business innovation: (1) introduction of products or services, (2) Introduction of new production method or services rendered (3) the Company has become much more innovative

Dynamic capabilities is defined as the business's ability to assimilate, build, and rearrange internal and external knowledge, skills, abilities and behaviors (competencies) to respond to rapid changes in the environment (D. J. Teece et al., 2009). Teece et al., (2009) suggest that Dynamic capabilities provide the business with a capacity to innovate, adapt to changes and create alterations in order to provide satisfaction to the customer and unfavourability to the competitor (D. Teece et al., 2016). Wilkens et al (2004) provide 3 capabilities as indicators of dynamic capabilities: (1) Coordination capabilities, (2) learning capabilities (3) Transformation and reconfiguring capabilities

Hypothesis development

Social capital creates a proactive environment for a business to grow, becoming a competitive advantage and sustainability during an unstable environment such as the pandemic (Al-Omouh et al., 2020), here, flexibility and adaptation in conjunction with strategy that the company utilizes is important in order to create an opportunity. With the increasing number of uncertainties, it is best that family businesses can provide counter-measures to avoid avoidable issues that may arise. So social capital show as part of factors affecting family business agility and, in this research, it will be tested:

H1: Social capital affect company's agility toward family business

According to YuSheng & Ibrahim (2020) innovation is a process where a disadvantage or problem is turned into a possibility through the means of designing or creating products or tools, where an organization would eventually be forced to innovate through either pressure due to issues or competition. The capability of a company to innovate is important and is found in various members in the organization (Hundscheil et al., 2022). Innovation in family business has its own challenges as the decision to innovate is very dependent to its owner's character who usually more resistance to change. This makes it interesting to research how family business innovation affects toward organizational agility

H2: Family business innovation affecting company's agility toward family business.

A study which results in a journal regarding dynamic capabilities and organizational agility was conducted by D. Teece et al (2016) where the study further presumes various other literature review where comparison and contrast was conducted between the dynamic capabilities done through a framework in parallel with strategies. Furthermore, the study focuses on the necessity to conduct dynamic capabilities through organizational agility, where the study concludes that dynamic capabilities can help guide and manage the rapid changes in the environment, as competitive advantage is procured through various strategies that reflects on the business's framework and values, as strategies are conducted in respect to the departments, structure, and strategies. Previous studies have shown that dynamic capability is affecting organizational agility. This research will test whether this is also applicable to family business.

H3: Dynamic capabilities affecting company's agility toward family

Model of Analysis

Figure 1 is a model of analysis of the study that connects the independent variables namely social capital (X1), Family business innovation (X2), and Dynamic capabilities (X3) on the Y variable namely, the organizational agility

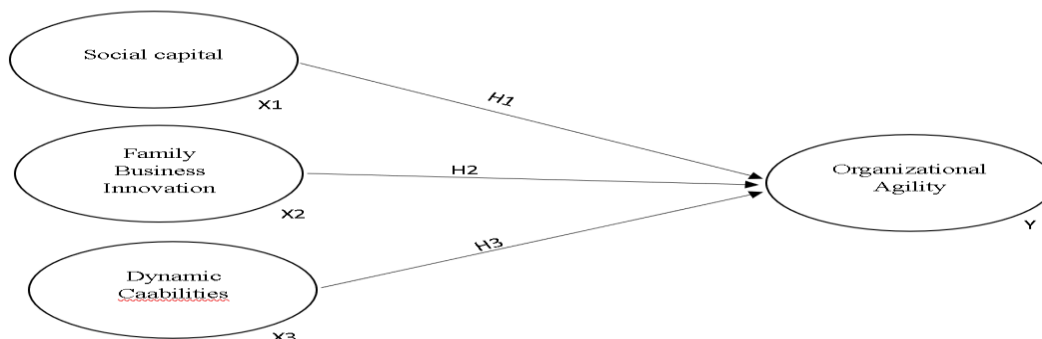


Figure 1 Model of Analysis

Source: Author’s synthesise (2023)

METHODOLOGY

The research conducted is quantitative research where collected data from questionnaires will be analyzed statistically through inferential statistics, by utilizing regression analysis. The questionnaires were constructed from the indicator of each variable as mentioned in literature review. Arsawan et al., (2022) give the indicators for dynamic capabilities, Grootaert & Bastelaer (2002) mention the indicators for social capital, Cheung et al., (2021) mention the indicators for family business innovation and the indicators of dynamic capabilities are taken from Wilkens et al (2004)

The population that is focused on regarding the study focuses on UC family business members who are stakeholders in a family business through the age of 20 -60 where the member is a part of the family and the family business at hand. The sampling that will be taken on follows the 10th to 11th generation of UC family business members, along with alumni. The samples must have experience in working in their family business, a title or role in the family business professionally or indirectly and is working under their family business with two or more family members. Slovin Method was used to calculate the number of samples:

11th Generation of Family Business: 183
 10th Generation of Family Business: 126
 Alumni : 20
 Total : 329

$$n = N / 1 + N \times (0.05)^2$$

Description:

N: Total Population

n: number of samples e: degree of error 5%

Here the samples would be calculated as: $n = N / 1 + N \times (0.05)^2 = 329 / (1 + 329 (0.05)^2)$

N = 180

Once the number and target of respondent were identified, the questionnaire were build based on the indicator mention by previous researches as mention in literature review. Google form was used as a platform to distribute the questionnaires using Whatsapp group of Family Business Alumnae and the first 20 proper responses (fully answered) was taken. For Family Business 10th and 11th generation, the link was shared in classes and the students were given time to answer the questionnaire at the end of class session.

RESULT AND DISCUSSION

The respondent profile shows that based on age, the majority of respondents were aged 18 to 25 years as many as 177 respondents (98.3%) while the least were respondents aged between 25 to 30 years as many as 3 respondents (1.7%). Based on education, the majority of respondents were high school graduates with 68 respondents (37.8%) while the least respondents were D1, D2 and Diploma graduates with 1 respondent (0.6%).

Table 1. Descriptive Analysis of Organizational Agility

No	Indicator	Likert scale					Mean	Standard Deviation
		1	2	3	4	5		
1	Y1	0	2	25	111	42	4.07	0.643
2	Y2	0	1	26	128	25	3.98	0.554
3	Y3	0	20	34	109	17	3.68	0.794
4	Y4	0	0	32	116	32	4.00	0.597
5	Y5	0	5	37	122	16	3.82	0.641
6	Y6	0	3	34	133	10	3.83	0.533
7	Y7	0	1	45	121	13	3.81	0.557
8	Y8	0	7	41	118	14	3.77	0.641
9	Y9	0	20	28	113	19	3.72	0.796
10	Y10	0	6	41	116	17	3.80	0.646

Source: SPSS printout 2023

Respondents' answers toward organizational agility as a dependent variable are shown in Table 1. Based on Table 1 it can be seen that most of the respondents agree with the statement of first indicators with the mean of 4.07 where they always execute opportunity business that are identified. The statement that has the lowest mean 3.68 is the third statement, where they are flexible in making decisions. The highest standard deviation of 0.796 indicating that the answers are more distributed than the others is the ninth indicator where the respondent always considers marketing in making change. The lowest standard deviation of 0.533 is the sixth statement in which the respondent is always ready to change technology to adapt.

Table 2. Descriptive Analysis of Social Capital

No	Indicator	Likert scale					Mean	Standard Deviation
		1	2	3	4	5		
1	X1.1	0	7	15	104	54	4.13	0.722
2	X1.2	0	8	5	129	38	4.09	0.640
3	X1.3	0	3	37	93	47	4.02	0.731
4	X1.4	0	20	37	94	29	3.73	0.862
5	X1.5	0	16	24	107	33	3.87	0.812
6	X1.6	0	6	41	106	27	3.85	0.702

Source: SPSS printout 2023

The result of the respondent's answer toward social capital as an independent variable is shown in Table 2. Based on Table 2 it can be seen that most of the respondents agree with the statement of the first indicator with the mean of 4.13 where, they feel they have joined many other association networks and communities. The statement that has the lowest mean 3.73 is the fourth statement, where they rarely feel conflicted with my group's norm. The highest standard deviation of 0.862 indicating that the answers are more distributed than the others is the fourth indicator which is, where they rarely feel conflicted with my group's norm. The lowest standard deviation of 0.640 is the second statement in which the respondent joins an association that is well known, indicating that the answers are more distributed than the others.

Table 3. Descriptive Analysis of Family Business Innovation

No	Indicator	Likert scale					Mean	Standard Deviation
		1	2	3	4	5		
1	X2.1	0	1	47	122	10	3.78	0.541
2	X2.2	0	3	51	111	15	3.76	0.617
3	X2.3	0	3	29	120	24	3.89	0.664
4	X2.4	0	3	32	123	22	3.91	0.600
5	X2.5	0	18	58	90	14	3.55	0.778

Source: SPSS printout 2023

The result of the respondent's answers toward family business innovation as an independent variable is shown in Table 3 above. Based on Table 3 it can be seen that most of the respondents agree with the statement of the fourth indicator with the mean of 3.91 where they always change their company based on market input/comments. The statement that has the lowest mean 3.76 is the second statement, where they always innovate their standard of operations. The highest standard deviation of 0.778 indicating that the answers are more distributed than the others is the fifth indicator where they always do market research to gain input. The lowest standard deviation of 0.541 is the first statement in which the respondent has the ability to develop new products through product innovation.

Table 4. Descriptive Analysis of Dynamic Capabilities

No	Indicator	Likert scale					Mean	Standard Deviation
		1	2	3	4	5		
1	X3.1	0	6	24	118	32	3.97	0.668
2	X3.2	0	3	32	120	25	3.92	0.616
3	X3.3	0	3	32	120	25	3.89	0.602
4	X3.4	0	3	19	126	32	4.03	0.591
5	X3.5	0	6	19	125	30	3.99	0.638
6	X3.6	0	3	26	119	32	4.00	0.625

Source: SPSS printout 2023

The result of the respondent's answer toward dynamic capabilities as an independent variable is shown in Table 4 above. Based on Table 4 it can be seen that most of the respondents agree with the statement of fourth indicators with the mean of 4.03 where they have an easy time understanding new things that are thrown at them. The statement that has the lowest mean 3.89 is the third statement, where they always coordinate with their staff. The highest standard deviation of 0.668 indicating that the answers are more distributed than the others is the first indicator where they always coordinate with their clients. The lowest standard deviation of 0.591 is the fourth statement in which the respondent has an easy time understanding new things that are thrown at them and having the least distributed answer.

Validity Test

The results of the preceding validity test, where the r-computed value of each statement item is greater than the r table value (0.138), leading to the conclusion that all statement items are valid for use in the research.

Reliability Test

In the reliability test above, the Cronbach Alpha value for each variable is Social Capital of 0.896, Family Business Innovation of 0.835, Dynamic Capability of 0.927, and Organizational Agility of 0.939. The variable Organizational Agility has the highest reliability score, while others are also at an acceptable score, which is more than 0.60.

Goodness of Fit Test

Table 5. Goodness of fit Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3236.116	3	1078.705	121.013	.000b
Residual	1568.862	176	8.914		
Total	4804.978	179			

Source: SPSS printout 2023

The goodness of fit test explains the influence of social capital, family business innovation, and dynamic capability on organizational agility variables, as the F-value is 121.013 and has a significance value (sig) of 0.000, which is less than (0.05). According to the criteria, it can be stated that H1, H2, and H3 are accepted.

Partial Significance Test (T-Test)

Table 6. t - Test

Model	t	Sig.
(Constant)	1.604	.111
Social Capital	5.765	.000
Family Business Innovation	4.947	.000
Dynamic Capability	5.468	.000

Source SPSS printout 2023

From Table 6, we can conclude that

1. Social capital variable has a substantial influence on raising the level of organizational agility, since its significance value (sig) is 0.000 smaller than (0.05).
2. Family business innovation variable has a substantial influence on raising the level of organizational agility, since its significance value (sig) is 0.000 smaller than (0.05).
3. Dynamic capability variable has a substantial influence on raising the level of organizational agility, since its significance value (sig) is 0.000 smaller than (0.05).

Multiple Regression Analysis

Multiple Linear Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	3.117	1.944	
	Social Capital	.516	.090	.363
	Family Business Innovation	.533	.108	.258
	Dynamic Capability	.548	.100	.339

a. Dependent Variable: Organizational Agility

Source SPSS printout 2023

$$\text{Organizational Agility} = 3,117 + 0,516 \text{ Social Capital} + 0,533 \text{ Family Business Innovation} + 0,548 \text{ Dynamic Capability}$$

According to the result of multiple regression analysis, each of the variables has a positive and significant effect on organizational agility. The positive and significant relationship implies that when the independent variable increases, it can increase the dependent variable. Meanwhile, the higher Beta value defines how big the effect the independent variable has on the dependent variable. The variable that is most able to influence organizational agility is the dynamic capability variable with a score of 0.548.

Coefficient of Correlation (R) and Coefficient of Determination (R²)

Table 8. Coefficient of Correlation (R) and Coefficient of Determination (R²)

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.821a	.673	.668	2.98563

Source SPSS printout 2023

The adjusted R-Square value of 0.668 indicates that the variables of social capital, family business innovation, and dynamic capabilities can influence the variable of organizational agility by 66.8%, while the remaining 33.2% is influenced by variables outside the scope of this study.

Social Capital toward organizational agility

The research showed that most of the respondents are younger generation with the age of 18-25 years old. Younger individuals often display a greater openness to change, and adaptation compared to older generations (Seifert & Charness, 2022). They are more likely to embrace new ideas, experiment with innovative approaches, and challenge traditional practices. This openness to change encourages a culture of continuous improvement and learning within organizations, which is crucial for agility. According (Sutrisno et al., 2023), the younger generation has grown up in a digitally connected world and is typically more adept at utilizing technology. This technological proficiency enables them to leverage digital tools and platforms effectively, fostering better communication, collaboration, and knowledge sharing within organizations. Their familiarity with social media, instant messaging, and other digital channels facilitates the rapid dissemination of information, allowing for faster decision-making and responsiveness (Holotiuk et al., 2018).

In the study, it is shown that the problem with social capital is caused by their feeling conflicted with their group's norm. Effective communication is crucial in resolving conflicts and improving social capital. The business owner should strive for open and honest dialogue to foster understanding and build relationships (Azizi et al., 2017). Identify shared values or goals that align with both your personal values and the group's norm (Terpstra-Tong et al., 2020). Look for areas of agreement and build on them to establish common ground and bridge differences. Invest time and effort in building positive relationships with group members. Engage in activities or conversations that help them connect with others on a personal level. Developing trust and rapport can facilitate the acceptance of different perspectives.

Flexibility and adaptation in tandem with the strategy that the company employs are crucial to create an opportunity in a volatile environment such as the pandemic (Al-Omouh et al., 2020), where social capital creates a proactive environment for a business to grow, becoming a competitive advantage and sustainability. With so many unknowns, it's important for family companies to have contingency plans in place in case problems develop. Additionally, the network serves as a foundation of influence and thought when adapting techniques to a given circumstance.

Family Business Innovation toward Organizational Agility

The research showed that most of the respondents are younger generation with the age of 18-25 years old. According to Hadjielas et al., (2022) younger individuals often bring fresh

perspectives and new ideas to family businesses. Growing up in a different era, they may have a different outlook on market trends, customer preferences, and technological advancements. Their unique viewpoints can challenge traditional practices and drive innovative thinking within the organization. By introducing fresh ideas and approaches, the younger generation can help family businesses adapt to changing market conditions and foster organizational agility (Goncalves & Bergquist, 2022).

In the study it is shown that the problem with family business innovation is caused by them don't do enough market research to gain input (Cheung et al., 2021). This can be aligned through improving marketing research in family business innovation requires a systematic approach to gather and analyze data, identify customer needs and preferences, and make informed decisions regarding product development, marketing strategies, and business growth. Clearly define the objectives of your marketing research. Identify the specific areas or aspects of your family business innovation that you want to focus on, such as understanding customer needs, assessing market trends, or evaluating the effectiveness of marketing campaigns. Choose the most suitable research method to gather data. This could involve a combination of quantitative techniques (surveys, questionnaires, data analysis) and qualitative approaches (interviews, focus groups, observations). Consider utilizing both primary research (data collected first-hand) and secondary research (existing data and market reports) to gather comprehensive insights.

As defined by YuSheng & Ibrahim (2020), innovation is the process by which a disadvantage or difficulty is transformed into an opportunity by means of the design or creation of products or technologies; eventually, an organization will be compelled to innovate because of pressure from either internal or external factors, such as issues or competition. Individuals at all levels of an organization can contribute to the company's innovative potential. The company may be doomed if its leaders do not prioritize innovation. Here, organizational agility serves as a portal for employees and managers to increase the number of innovative ideas they may have and apply to accomplish a specific objective or circumstance, with organizational agility serving as the yardstick for how far a company is willing to use an innovation that was created.

Dynamic capabilities toward organizational agility

The research showed that the majority of the respondents are younger generation with the age of 18-25 years old. According to Holzer, Ramuz, Minder, & Zimmerli (2022), younger individuals have grown up in a rapidly evolving world, where change is constant. They have experienced and navigated through various social, technological, and economic shifts. This exposure to change has honed their ability to adapt quickly and effectively to new circumstances. Their willingness to embrace change and their ability to learn and adjust rapidly contributes to their dynamic capability. According to Sandagsuren et al., (2022) younger individuals tend to have a strong appetite for continuous learning and personal development. They understand the importance of staying updated with the latest trends, skills, and knowledge in their respective fields. This commitment to lifelong learning equips them with the ability to acquire new competencies, adapt to evolving market demands, and drive innovation within organizations.

In the study it is shown that the problem with dynamic capabilities is caused by coordination with the clients. To improve coordination with clients and enhance dynamic capabilities, consider establishing open lines of communication with clients to facilitate regular and transparent exchange of information. Encourage clients to provide feedback, share insights, and express their needs and expectations. Actively listen to their input and incorporate their feedback into decision-making processes. The family business should also foster collaborative partnerships with clients based on mutual trust, shared goals, and a long-term perspective. Engage in co-creation activities and involve clients in the development and refinement of products, services, and processes. Collaborative partnerships enable both parties to leverage their respective expertise and resources, driving innovation and agility.

The term "dynamic capabilities" (Chege & Wang, 2020) refers to an organization's adaptability in the face of change and emphasizes its capacity to recognize, assess, and capitalize on new opportunities, threats, and resources as it evolves. Here, dynamic capability is dependent and effects organizational agility, which in turn results in a management style that is specific to the company that develops it. A company can create a more precise and accurate representation of its strategy by employing multiple people; in the context of a family business, this translates to a higher

probability of a more comprehensive strategy (dynamic capabilities). The ability to organize, construct, and cover allelements of business by utilizing pre-existing and improved resources is crucial in times of abrupt or rapid change, as is the ability to create and shape a distinctive and efficient plan. The more competent an organization is, the more quickly and effectively it can adapt to changing conditions and recover from setbacks.

CONCLUSION

Based on the research findings and discussion, the research conclusions are (1) social capital significantly affect organizational agility, (2) Family Business Innovation significantly affects organizational agility and (3) Dynamic Capability significantly affects organizational agility. The model also shows a good fit.

RESEARCH IMPLICATION

Social capital

Conflict with perceived group norms is revealed to be the root cause of social capital problems. Conflict resolution and the growth of social capital both rely heavily on open lines of communication. The owner of a business should make open and honest communication a priority to promote learning and strengthen connections. Try to figure out both value and what the business can work toward together. Find the common ground and build upon it to overcome the disparities. Try to connect with the other people in the group. Do things or have talks that will help them bond with other people. Building mutual trust and understanding can help people accept one another's points of view.

Family business innovation

The research shows that the lack of market research is a major contributor to the difficulties that family businesses face when trying to innovate. For this reason, it's important for family businesses to invest in marketing research in order to better understand their customers, produce products that meet their demands, and expand their businesses. Establish what the business hopes to achieve with your marketing survey. Determine which areas of family business you wish to innovate, such as learning more about customers' wants and needs, analyzing market trends, or measuring the success of your marketing initiatives.

Dynamic Capability

The research demonstrates that client coordination is to blame for the issue with dynamic capabilities. Open lines of communication with clients can promote regular and transparent sharing of information, which can increase cooperation with clients and enhance dynamic capacities. Clients should be prompted to offer comments, thoughts, and their wants and expectations. Pay close attention to what they have to say and think about how business may implement their suggestions. The family business should encourage customer partnerships built on trust, a common purpose, and a commitment to the long haul. Participate in customer co-creation to improve business products, services, and processes together. When two entities work together, they can pool their knowledge and resources to foster creativity and responsiveness.

LIMITATION

The respondents of this research are limited to Family business guild from Universitas Ciputra, so its generalization power is limited. Family business with no exposure in family business education might give a different answer.

PRACTICAL SUGGESTION

To assist with social capital problems, the business should hold a gathering once amonth to make sure the relations between groups and businesses are on good terms. The business should also open a new division of sales communication in order to maintain communication and good relationships with other parties

To assist family business innovation problems, the family business should do research regularly (2 -4 times each year). To fill in the gaps in business knowledge, businesses can use a combination of primary research (data collected directly) and secondary research (existing data and market reports).

To assist with dynamic capabilities problems, the business should make a group of social media databases that accommodate the need to broadcast and announce important information to customers. This can be done by making WhatsApp Group for the customers in certain regions or subgroups

FUTURE RESEARCH

Social capital, family business innovation, and dynamic capability can influence the variable of organizational agility by 67.3%, while the remaining 32.7% is influenced by variables outside the scope of this study. It is hoped that future studies could explore the remaining 27.3% of the variables that are able to influence organizational agility. For example, organizational agility could be affected by other variables such as cooperative management, employee empowerment, human capital, digitalization level and e-commerce (Al-Omouh et al., 2020; Nouri & Mousavi, 2020; Škare & Soriano, 2021)

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