Family Harmony as a Milestone in Family Business Resilience facing Multiple Disruptions from a Marketing Perspective

Metta Padmalia, John J.O.I. Ihalauw, Albert Kriestian Novi Adhi Nugraha, Harijono

Department of Management, Universitas Kristen Satya Wacana, Indonesia.
metta.padmalia@ciputra.ac.id (corresponding author), joi.ihalauw@uksw.edu, albert.kriestian@uksw.edu, harijono.harijono@uksw.edu

Abstract. Family business resilience is the ability of a family business to fight adverse situations or recover after a disturbance and return to a normal state. Family businesses face multiple disruption situations stemming from the influence of external and internal factors. Family business resilience in multiple disruptions from a marketing perspective involves dynamic customer-oriented marketing capabilities and agile marketing capabilities. This study uses a model modified from several research models that have existed before. The factors used in this study are a synthesis of earlier research ideas that are strongly believed to contribute to the stability of family businesses. This study was tested using a structural equation model (Partial Least Squares, using SmartPLS 3 software). There are two independent variables: customer-oriented dynamic capabilities and agile marketing capabilities, in which agile marketing capabilities also play a role as an intervening variable. Then one moderating variable is family harmony, and the dependent variable is family business resilience. This study obtained 100 respondents, who have a family business of at least two generations and are members of the Ciputra University Family Business Community. The research finds that five of the six hypotheses are supported by the data. Customer-oriented dynamic capabilities affect agile marketing capabilities. In contrast, customer-oriented dynamic capabilities do not directly affect family business resilience. Customer-oriented dynamic capabilities can influence family business resilience through agile marketing capabilities as a mediator. Family harmony weakens the influence of customer-oriented dynamic capabilities on family business resilience. However, family harmony reinforces the positive influence of agile marketing capabilities on family business resilience. Family harmony facilitates conducive conditions for family businesses to be faster in the business decision-making process needed, especially in the face of multiple disruptions. The study prove that a family business resilience is influenced by dynamic customer-oriented capabilities through agility in marketing capabilities strengthened by family harmony. The practical implication of this research is that family companies must respond quickly if something important happens to a customer, be able to implement planned customer related activities quickly, and identify new customer needs quickly to be able to remain resilient. This study suggests a further study that may involve not only incumbents of the family business but also potential successors and management parties who are not family members to get a broader perspective on the issue studied. In addition, a future study may compare the proposed research model before and after the pandemic.

Keywords: Family Business Resilience; Customer-oriented Dynamic Capabilities; Agile Marketing Capabilities; Family Harmony
1. Introduction

Family businesses have an essential role in economies around the world (Amann & Jaussaud, 2012; Binz, Hair, Pieper, & Baldauf, 2013; Kenyon-Rouvinez & Ward, 2005:1; Susanto, 2005). In Southeast Asia and Indonesia, many businesses are in the family business format, at 60% and 95%, respectively (Price Waterhouse Cooper, 2014). Therefore, attention to the sustainability and growth of family businesses is crucial. Family members across generations own and manage family businesses in small and medium-scale formats (Price Waterhouse Cooper, 2018). Amore et al. (2020) showed that family businesses are more viable than non-family businesses in a crisis. Family businesses are more resilient in uncertain times due to their ability to maintain their business across generations than non-family firms. The family business is fundamentally resilient, both newly established and long-established (Englisch & Ambrosini, 2020). Family businesses achieved better performance, had a greater ability to mobilize their resources, and were better able to adjust company behavior in times of crisis than non-family companies (Amann & Jaussaud, 2012). Family businesses still enjoy better performance than non-family businesses; in other words, they recover faster (Amann & Jaussaud, 2012).

The fact that family businesses can make it through tough times makes people want to learn more about what makes them resilient and able to keep going in times of change. A family business faces disruption due to external factors, namely the COVID-19 pandemic and technological developments, known as a double disruption. During the pandemic, there was a dramatic shift in consumer behaviour. Service quality, such as in logistics, is a factor that must be addressed (Hansopaheluwakan, Eldijen, & Tjhin, 2022). Apart from this, there are undoubtedly a great number of other areas that firms must focus on more in order to withstand disruption. One of the most significant changes in the company's strategy for coping with the pandemic is the abandonment of offline business plans in favour of internet business (Andi & Utama, 2023). Family business also faces a challenge from internal factors, namely the complexity of managing the family business and the issue of business succession. The combined state of external and internal disruptions altogether forms multiple disruptions for a family business. The literature shows that there have been no studies that focus on the factors that determine family business resilience in the face of market competition during challenging times, although some previous studies have confirmed that family businesses are capable of surviving during difficult times (Beech, Devins, Gold, & Beech, 2020; Salvato, Sargiacomo, & Amore, 2020).

Previous studies have not discussed family businesses that survive multiple disruptions (internal and external) because previous studies focus more on internal disruptions, such as business succession. Hence, the current study provides a family business resilience model from a marketing perspective. The marketing perspective is used to understand the business landscape during changes (Gatignon, Lecocq, Pauwels, & Sorescu, 2017). The marketing perspective includes a business mapping process with 4Cs analysis (Kurniawan, 2020: 41). The 4Cs consist of change, competitor, customer, and a company that helps businesses understand the marketing strategies needed so that they can maintain their current market share and seize the future market. The role of resource reconfiguration, namely, dynamic capability, is required for value creation and sustainability in a turbulent environment (Kurniawan, 2020). Furthermore, resilience is manifested in dynamic capability and social capital in business conditions affected by natural disasters (Martinelli et al., 2018). Natural disasters are thought to be similar to pandemics in that they are unexpected and drastically alter various aspects of life (Martinelli et al., 2018).

Studies on dynamic capabilities show that being able to adapt to changes in the micro- and macro-environments is a key factor in how well a company does (Cake et al., 2020; Park & Xiao, 2020; Vu, 2020). Danneneels (2008) used data from the real world to translate dynamic capabilities into second-level derivative competencies. He did this by translating dynamic abilities in marketing and research and development (R&D). In general, a dynamic capability is the ability to create new resources in response to changing market conditions. In contrast, dynamic marketing capabilities are the ability to develop new marketing resources to identify, respond to, and capitalize on change (Hooley, Piercy, Nicolaud, & Rudd, 2017: 149). Altay et al. (2018) say that agile marketing capability is a framework for making a flexible organization that can handle change. Agility is about how companies can operate and grow in an environment that
experiences turbulence. Ismail et al. (2011) say that agility encourages businesses to be more proactive in how they deal with the market, instead of only being able to react. Studies on agility talk about how agility affects how well a company does in a changing environment. For example, Ismail et al. (2011), Mandal (2017), Altay et al. (2018), and Srinivasan et al. (2020) are some of the studies that talk about this. Recent studies develop agility in dynamic environments into the framework of agile marketing capabilities (AMC) (Cabitza et al., 2019: 5; Moi et al., 2019), a critical proposition for new marketing capabilities. The company can keep its edge in the market by improving its ability to come up with new ideas, to market those ideas, and to adapt to changes in the market (Jeng & Pak, 2014). Agile companies can respond to changes, adapt quickly to the way things are, and predict when disruptions will cause a slowdown. The Dynamic Capability Theory says that companies that are resilient to change are made up of customer-focused dynamic capabilities. These capabilities create agile marketing capabilities, which act as a mediator in building resilience. Lambrecht & Lievens (2008) explain that family harmony is the result of good family governance, thus increasing the influence of the capabilities of family companies in shaping better company performance. Family harmony is essential in creating a good governance system in a family business, simplifying complexity within family companies (Lambrecht & Lievens, 2008). Leach & Bogod (1999: 30) say that harmony between family members (active and inactive in managing the family business) requires the right balance between the family subsystems and management. Aspects that strengthen family harmony are open communication (Rivers, 2005: 89), mutual trust and respect (Astrachan & McMillan, 2003: 24), conflict management (Rivers, 2005: 89), family commitment (Balshaw, 2003: 25), alignment of personal needs (Carlock & Ward, 2001: 51), leadership (Aronoff & Baskin, 2011: 4), and a good division of labor between family members involved in the family business (Kenyon-Rouvinez & Ward, 2005: 23). Therefore, family harmony is thought to be able to increase the ability of family companies to increase their resilience. Based on what has been said about multiple disruptions in family businesses, which is supported by previous research results and theories, the following research questions come up: 1) Do customer-oriented dynamic capabilities affect family business resilience? 2) Do customer-oriented dynamic capabilities affect agile marketing capabilities? 3) Do agile marketing capabilities affect the resilience of family businesses? 4) Do agile marketing capabilities mediate the relationship between customer-oriented dynamic capabilities and family business resilience? 5) Can family harmony moderate the relationship between customer-oriented dynamic capabilities and family business resilience? 6) Can family harmony moderate the relationship between agile marketing capabilities and family business resilience?

2. Literature Review

2.1. Family Business Resilience

Family business resilience is an important part of making a family business last. Family business resilience is the ability of a family business to withstand bad situations or to recover from disruptions and get back to normal (Horne & Orr, 1998; Vogus & Sutcliffe, 2007; Boin & van Eeten, 2013). Family business resilience is seen as a multidimensional trait of organizations that helps them deal with disruptive surprises, respond to them, and maybe even take advantage of them (Lengnick-Hall & Beck, 2009; Visser, 2020). Family business resilience has three dimensions: resistance, adaptation, and anticipation of experiencing disruption. The resistance dimension suggests that resilience exists in companies with the fundamental quality to respond to change without engaging in prolonged aggressive behavior (Horne & Orr, 1998) and the organizational capacity to recover from extreme situations (Linnenluecke, Griffiths, & Winn, 2012). Also, resistance includes recovery to return to a normal state (Boin & van Eeten, 2013). The dimensions of adaptation and anticipation are when the company updates its strategy to survive and become a resilient company over time. The adaptation dimension is when the company can maintain positive adjustments in challenging conditions to strengthen the company (Vogus & Sutcliffe, 2007) and develop specific responses. The adaptation dimension involves the company in transformative activities (Lengnick-Hall, Beck, & Lengnick-Hall, 2011). Meanwhile, the anticipation period shows the additional capacity to anticipate and adjust to environmental changes (Ortiz-de-Mandojana & Bansal, 2015).
2.2. Customer-oriented Dynamic Capabilities

The basis for the construct of dynamic capability stems from the theory of RbV (Barney, 2001), which states that a company's competitive advantage comes from the company's resources and capabilities. However, the dynamic abilities theory (Teece et al., 1997; Eisenhardt & Martin, 2000) states that companies in turbulent environments can continuously develop dynamic capabilities to reconfigure internal and external resources, skills, and competencies. The dynamic capabilities enable a company to cope with environmental changes and implement new strategies in response to new market conditions for economic gain (Teece et al., 1997). Dynamic capability uses market knowledge to adapt organizational resources and capabilities (Barrales-Molina, Martínez-López, & Gázquez-Abad, 2014). Dynamic capabilities create new marketing resources to identify, respond to, and capitalize on change (Hooley et al., 2017: 149).

Moi & Cabiddu (2019) say that a company's dynamic capabilities must also support its ability to "sense" the market. This means that the company should be able to constantly feel and respond to changes in the market, either proactively or reactively, to make customers happier. Because of this, a strong company's dynamic capabilities must also be able to adapt to changes in customer needs. This is the idea behind customer-oriented dynamic capabilities. Teece (2007) says that dynamic capabilities are multidimensional because they support enterprise-level capabilities like sensing, seizing, and transforming. Holistic cognitive and emotional evaluation of the customer’s direct experience with the company can also support loyalty to the company (Lee & Kim, 2022).

Customer-oriented dynamic capabilities are developed from the concept of dynamic marketing capability by considering the customer as a strategic orientation point (Cabañero, Ros, & Cruz, 2015; Reimann, Carvalho, & Duarte, 2021). Customer-oriented dynamic capabilities aim to support the creation of superior customer value in response to market changes (Barrales-Molina et al., 2014). Measuring marketing capabilities in the context of dynamic marketing capabilities must consider customers' ever-changing needs so that the company becomes adaptive. The three dimensions developed to explain customer-oriented dynamic capabilities are related to several management contexts, namely customer connectedness management, product development management, and supply chain management (Reimann et al., 2021).

2.3. Agile marketing capability (AMC)

Moi et al. (2019) describe the agile marketing capability (AMC) construct as an organization's ability to be flexible and agile in how it absorbs and uses market knowledge to implement marketing initiatives that are in line with changing market conditions. The ease of adapting to the evolving needs due to the turbulent environment will determine the company's flexibility. Adaptive strategies for competing quickly aim to change plans and move resources around in a flexible way (Cegarra-Navarro et al., 2016; Fryrear, 2020; Teece et al., 2016).

Ismail et al. (2011) and Roberts & Grover (2012) say that agile companies can better predict market demand and make more changes to meet customer expectations. This makes them companies that can survive in an environment that changes a lot. The agility of customer-oriented organizations emphasizes the natural dynamics that organizations have in sensing and responding to market opportunities in a turbulent environment (Roberts & Grover, 2012).

The dimensions and indicators of agile marketing capabilities are the ability to sense customers (Slater & Narver, 2000; Narver et al., 2004; Roberts & Grover, 2012) and the ability to respond to customers (Jayachandran, Hewett, & Kaufman, 2004; Roberts & Grover, 2012). The current study focuses on the ability to respond to customers as a form of agile marketing capabilities. In this case, the ability to respond quickly to customers has more impact than the ability to sense the market, which must first understand the existing trends and analyze them to prepare marketing strategies.

2.4. Family harmony

A good governance system in family business forms a family harmony that can simplify the complexity experienced by family companies (Lambrecht & Lievens, 2008). According to Leach & Bogod (1999: 30), harmony between family members requires the right balance between the 'overlap' of family subsystems and the management of the family business. Overlapping can be effectively managed through specialized
Family harmony refers to the degree to which a family perceives a standard pattern of family behavior that indicates the existence of synchronization and integration among family members (Kidwell, Kellermanns, & Eddleston, 2012). The interaction of family members in the family business intertwines family harmony. Furthermore, according to Kidwell et al. (2012), the social bond element of attachment between family members becomes essential to creating conditions conducive to business decision-making. In the family business context, positive family relationships and mutual care have directly improved company performance (Eddleston & Kellermanns, 2007). Strong ties encourage family members to act as "servants" based on the stewardship theory, that is, in the company's best interests. The connectedness of family and business in a company suggests that successful family relationships can lead to successful business outcomes and vice versa (Olson et al., 2003). Business owners can demonstrate such a relationship by considering the norms they feel about family harmony in their family and business. Synchronization between family members will support family harmony for business continuity (Kidwell et al., 2012).

### 3. Hypothesis Development

The company's dynamic ability to respond to change must be characterized by customer-oriented responsiveness (Doz & Kosonen, 2010; Weber & Tarba, 2014). Companies that remain customer-oriented continue to feel and respond to market changes, proactively or reactively, for greater customer satisfaction even in dynamic environmental conditions (Moi & Cabiddu, 2019). Through this capability, the company can better predict market demand and increase adjustments to meet customer expectations so that it becomes a company that can survive in an environment that undergoes significant changes (Ismail et al., 2011; Roberts & Grover, 2012). Companies that can provide customer-oriented responses will become agile and survive during multiple disruption.

A company that can quickly and precisely make decisions, and responds quickly to changes in business conditions and environment, especially innovation, is a form of company that has agility (Moi et al., 2019). Dynamic abilities form dexterity (Chakravarty et al., 2013), i.e., the ability of companies to efficiently redeploy resources in creating value (Teece et al., 2016) and managing a turbulent environment (Chakravarty et al., 2013; Lee et al., 2015; Felipe et al., 2016).

The concept of agility addresses how companies can operate and grow in an environment undergoing extreme change (Carvalho, Azevedo, & Cruz-Machado, 2012; Ponomarov, 2012; Manfield, 2016). Agility encourages businesses to be forward-thinking or proactive in their approach to the market (Ismail et al., 2011). Studies on agility have referred to how agility relates to company performance in a dynamic environment (Ismail et al., 2011; Mandal, 2017; Altay et al., 2018; Srinivasan et al., 2020). Agile organizations tend to survive and succeed more in disruption conditions, while organizations with limited capabilities will face a more challenging situation (Sirkeci, 2020). Suppose the company can respond quickly to changes that occur. In that case, the company can survive resiliently during disruption that threatens the company's perpetuation, in line with what was revealed by Linnenluecke et al. in 2012 that resilience is an organization's ability to absorb impacts and recover from actual events resulting from extreme events.

Based on the connectedness of customer-oriented dynamic capabilities, agile marketing capabilities, and family business resilience, three hypotheses are proposed as follows:

- **H1:** Customer-oriented dynamic capabilities affect family business resilience.
- **H2:** Customer-oriented dynamic capabilities affect agile marketing capabilities
- **H3:** Agile marketing capabilities affect family business resilience.
- **H4:** Agile marketing capabilities mediate the relationship between customer-oriented dynamic capabilities and family business resilience.

Furthermore, family harmony anticipates the complexity of the family business due to the dynamics of three subsystems in family companies (Lambrecht & Lievens, 2008). According to Leach & Bogod (1999: 30), a harmony that exists among family members requires the right balance between 'overlapping' family
subsystems and family business management. Lambrecht & Lievens (2008) explained that family harmony results from good family governance, thus increasing the influence of the capabilities of family companies in shaping better company performance. Therefore, family harmony can improve the ability of family companies to increase their business resilience. Capabilities that can improve family business resilience are customer-oriented dynamic capabilities and agile marketing capabilities. Therefore, the study proposes two hypotheses as follows:

H5: Family harmony moderates the relationship between customer-oriented dynamic capabilities to family business resilience.

H6: Family harmony moderates the relationship between agile marketing capabilities to family business resilience.

Based on the hypotheses mentioned above, the current study proposes the research model as follows:

![Fig. 1: Proposed Research Model](image)

4. Research Methods

4.1. Population and sample

The current study's population is the family business community at Ciputra University in Indonesia, numbering 500 family companies. From the population, a sample of respondents was drawn using a non-probability sampling method with purposive sampling techniques using judgment sampling techniques. Ferdinand (2014: 179) stated that the judgment sampling technique is used because the information needed to answer research problems and achieve research objectives is only owned or obtained from certain sample groups with specific criteria. These, namely family business owners, understand business management and are members of the Ciputra University family business community. A representative sample of at least five times the number of indicators from all study changers (Hair, Black, Babin, Anderson, & Tatham, 2014: 100). In the current study, the number of indicators for all variables was 18 indicators. Hence, the number of samples was in the range of 90-180 responders.

4.2. Research Instrument

The dependent variable is family business resilience, in the form of the ability possessed by family companies to fight adverse situations or the ability to recover after a disorder and return to a normal state (Horne & Orr, 1998; Vogus & Sutcliffe, 2007; Boin & van Eeten, 2013). The family business resilience has three items, modified from previous studies that have five items (Horne & Orr, 1998; Linnenluecke et al., 2012; Boin & van Eeten, 2013). Customer-oriented dynamic capabilities have four items (Barrales-Molina et al., 2014; Cabañero et al., 2015; Reimann et al., 2021); four items for agile marketing capabilities (Jayachandran et al., 2004; Narver et al., 2004; Roberts & Grover, 2012; Slater & Narver, 2000); and five items for family harmony (Kidwell et al., 2012).

The current study applies a certainty method for the data measurement scale. The procedure is based on the Likert scale as an interval scale that has been refined in several aspects (Ihalauw, 2018: 20). The certainty method requires respondents to make two decisions when responding to a particular statement or question.
(Warren, Klonglan, and Sabri in Ihalauw (2018: 20): (1) Directional judgment, i.e., directional decisions such as choosing between right and wrong, agreeing or disagreeing, succeeding or not succeeding, and so on; (2) Certainty judgment, which is a decision that indicates the degree of confidence or certainty about the decision direction (the first decision). In addition to distributing questionnaires with quantitative measurement scales, respondents also answered several open-ended questions to get more in-depth answers related to several closed-ended question items in the questionnaire.

4.3. Data analysis
The current study applies SPSS for data filtering, demographic profiling, and descriptive statistics; in addition, SmartPLS is used for hypothesis testing through the Partial Least Square Structural Equation Model (PLS-SEM). The PLS-SEM model's analysis and interpretation require two stages: evaluating measurement models and structural models (Hair et al., 2014).

5. Result and Discussion
5.1. Respondent Profile
Data collection was carried out through questionnaires distributed to family business owners within the scope of the Ciputra University family business community. The total collected questionnaires were 100 questionnaires for further analysis. The majority of respondents' characteristics were 52% male, 59% aged 41-50 years, 49% had a Bachelor's degree in Strata-1, 38% of companies were founded in 2000-2009, and 87% had 20-100 employees.

Table 1: Respondents Profile

<table>
<thead>
<tr>
<th>Characteristics of Respondents</th>
<th>Information</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Woman</td>
<td>48</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Man</td>
<td>52</td>
<td>52%</td>
</tr>
<tr>
<td>Age</td>
<td>31-40 years</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>41-50 years</td>
<td>59</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>51-60 years</td>
<td>17</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>61-70 years</td>
<td>4</td>
<td>4%</td>
</tr>
<tr>
<td>Education Level</td>
<td>Primary school</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Junior High School</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>High School</td>
<td>35</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>7</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>49</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>Postgraduate</td>
<td>5</td>
<td>5%</td>
</tr>
<tr>
<td>Year of Establishment of the Company</td>
<td>1950-1959</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>1960-1969</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>1970-1979</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>1980-1989</td>
<td>3</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>1990-1999</td>
<td>18</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>2000-2009</td>
<td>38</td>
<td>38%</td>
</tr>
<tr>
<td></td>
<td>2010-2019</td>
<td>36</td>
<td>36%</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>20-100</td>
<td>91</td>
<td>91%</td>
</tr>
<tr>
<td></td>
<td>101-200</td>
<td>4</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>201-300</td>
<td>4</td>
<td>4%</td>
</tr>
</tbody>
</table>
5.2. Testing the Outer Model using SmartPLS

The loading factor value shows the validity test for each construct indicator in the SmartPLS 3.0 program. The cut-off value to justify the indicator validity is when the loading factor value is more than 0.70. Figure 2 shows the measurement model that all indicators are valid with a loading factor above 0.70.

![Figure 2: Research Measurement Model](source)

Reliability tests are carried out to prove the accuracy, consistency, and accuracy of research instruments in measuring constructs by looking at the value of composite reliability. The composite reliability for each variable must be greater than 0.7 for confirmatory research (Ghozali & Latan, 2015), as shown in Table 2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC</td>
<td>0.809</td>
<td>0.874</td>
<td>Reliable</td>
</tr>
<tr>
<td>CDC</td>
<td>0.830</td>
<td>0.885</td>
<td>Reliable</td>
</tr>
<tr>
<td>FBR</td>
<td>0.884</td>
<td>0.916</td>
<td>Reliable</td>
</tr>
<tr>
<td>FH</td>
<td>0.854</td>
<td>0.895</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: SmartPLS 3.0 Program Output (2022).

5.3. Inner Model Testing using SmartPLS

The inner model can be evaluated by looking at the $R^2$-value for the dependent variable and the $p$-value of the total effects and indirect effects tests. A higher $R^2$ value means a better model prediction. In addition, the $p$-value indicates the degree of significance in hypothesis testing. $R^2$ determines the magnitude of the independent variable(s) influence on the dependent variable(s), as shown in Table 3 below.
The path coefficient test aims to show the degree of significance in hypothesis testing. Table 4 shows the results of the path coefficient test as follows:

### Table 4: Path Coefficient Test Results

| The Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values | Hypothesis Test Results |
|------------------|---------------------|-----------------|-----------------------------|---------------------------|----------|------------------------|
| CDC -> AMC       | 0.601               | 0.612           | 0.074                       | 8.129                     | <0.001   | H1 accepted             |
| CDC -> FBR       | 0.173               | 0.187           | 0.101                       | 1.706                     | 0.088    | H2 rejected             |
| AMC -> FBR       | 0.385               | 0.381           | 0.098                       | 3.940                     | <0.001   | H4 accepted             |
| Mod CDC -> FBR   | -0.246              | -0.240          | 0.090                       | 2.723                     | 0.006    | H5 accepted             |
| Mod AMC -> FBR   | 0.326               | 0.318           | 0.107                       | 3.046                     | 0.002    | H6 accepted             |

Source: *SmartPLS 3.0 Program Output (2022).*

Subsequently, Table 5 shows the result of testing the mediation effect of agile marketing capabilities (AMC) through the *specific indirect effect* below.

### Table 5: The Value of Indirect Influence

| The Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values | Hypothesis Test Results |
|------------------|---------------------|-----------------|-----------------------------|---------------------------|----------|------------------------|
| CDC -> AMC -> FBR | 0.231               | 0.232           | 0.063                       | 3.685                     | <0.001   | H3 accepted             |

Source: *SmartPLS 3.0 Program Output (2022).*

#### 5.4. Discussion

Customer-oriented dynamic capabilities can have a significant influence on agile marketing capabilities. Among the customer-oriented dynamic capabilities indicators are a cross-functional process between various areas to obtain customer information, the provision of after-sales service, customer relationship management support to determine customer needs, and the search for the best way to satisfy customers (Reimann et al., 2021). The greater company's commitment to providing the infrastructure for maintaining customer relationships encourages the company to be more responsive in meeting consumer needs before and after the purchase.

Furthermore, customer-oriented dynamic capabilities do not significantly impact family business resilience. The result is, contrary to Ismail et al. (2011) and Roberts & Grover (2012), that through these capabilities, companies can better predict market demand, increasing adjustments to meet customer expectations, and becoming companies that can survive in an environment that undergoes significant changes. Companies that can provide customer-oriented responses alone are not enough to survive during disruption. Customer-oriented dynamic capabilities require other capabilities that can be a mediator in shaping family business resilience.

Subsequent analysis shows that customer-oriented dynamic capabilities significantly influence family business resilience through agile marketing capabilities. The mediation effect is full mediation because
customer-oriented dynamic capabilities significantly affect family business resilience only through marketing capability agility. Customer-oriented dynamic capabilities facilitate companies in forming agile marketing capabilities that are needed to develop family business resilience. The result shows the need for the company's quick response to consumer needs in a competitive environment. In addition, respondents' answers to open-ended questions show that when there are many seniors in a family company, the company is considered not agile enough in adjusting to changes to survive amid the onslaught of disruption (especially according to respondents regarding technological disruption). Furthermore, the ability of a family business to be customer-oriented is supported by the involvement of the next generation, who, according to business owners, have an excellent ability to understand changing market trends and tastes. Customer-oriented capabilities are developed by prioritizing the customer as a strategic orientation point (Cabañero et al., 2015; Reimann et al., 2021) so that the next generation's involvement supports the creation of customer-oriented dynamic capabilities in forming family business resilience.

The results of the PLS-SEM test show that agile marketing capabilities can significantly affect family business resilience. The results align with Ismail et al. (2011), who argue that agile marketing capabilities aim to encourage businesses to be forward-thinking or proactive in their approach to the market. Studies on agility refer to the connection between agility and company performance in a dynamic environment (Altay et al., 2018; Srinivasan et al., 2020). A company that can quickly and precisely make decisions and respond to changing conditions and the business environment is a form of company that has agility (Moi et al., 2019). If a company is committed to agile business processes, flexibility and responsiveness become integral parts of the company's structure and strategy. Thus, a company must prepare resources for all changes and surprises (Miceli, Hagen, Riccardi, Sotti, & Settembre-Blundo, 2021).

Family harmony moderates the relationship between customer-oriented dynamic capabilities and family business resilience. The results show that family harmony weakens the influence of customer-oriented dynamic capabilities on family business resilience. Customer-oriented dynamic capabilities are generally related to product and service innovations tailored to customer needs. While customer-oriented dynamic capabilities are essential for a company's short-term success (Cacciolatti & Lee, 2016), they do not necessarily determine resilience over a more extended period as would be expected in a family company in the face of disruption. A family business with strong family harmony can have a long-term competitive advantage based on trust between family members involved in the business (Jiménez, Martos, & Jiménez, 2015). A harmonious family can create a stable and consistent organizational culture because they trust each other, which can help the company survive in the long run.

Furthermore, the results show that family harmony increases agile marketing capabilities' influence on family business resilience. The results align with Kidwell et al. (2012), who found that the social bond between family members becomes essential in supporting the company's ability to create conditions conducive to more responsive business decision-making. Family harmony is a critical factor for improving family business resilience. When family members have harmonious relationships, it tends to be easier to work together and solve problems together to be able to create a positive environment and support the development of the family business (Jiménez et al., 2015).

Meanwhile, agile marketing capabilities realized through responsive and flexible marketing capabilities are also crucial in increasing family business resilience. In the digital era and in the face of increasingly fierce competition, family businesses must adapt quickly to market changes and trends (Bövers & Hoon, 2021). Effective agile marketing capabilities will help family companies rapidly identify and meet customer needs and maximize existing business opportunities. When family harmony and agile marketing capabilities are combined, the result is a solid and integrated team capable of effectively facing challenges. In a harmonious environment, it is easier for family members to work together and support each other in developing agile marketing capabilities so that the ability of family businesses to survive and thrive in multiple disruptions will be more vital.

The implication of the family firm resilience model formed based on the results of this study is the development of Systems Theory. System theory shows that there is an overlap between management, ownership, and family subsystems in managing family companies. The two subsystems developed in this research model are the management subsystem (especially marketing management) and the family. The
management subsystem, especially in this study of marketing management, was formed based on the theories of R-A and RbV so that the concepts of customer-oriented dynamic capability and agile marketing capability were formulated in forming a strong family company. The family subsystem is supported by stewardship theory in forming the concept of family harmony. Thus, the theoretical implication of this research is the emergence of a model of family firm resilience through an empirically tested synthesis of System, R-A, RbV, and Stewardship theories. The contribution of this study is to show that a strong family company is influenced by dynamic customer-oriented dynamic capabilities through agile marketing capabilities strengthened by family harmony. Family harmony is proven to play an important role in the formation and resilience of family companies. The practical implication of this research is that family companies must respond quickly if something important happens to a customer, be able to implement planned customer-related activities quickly, and identify new customer needs quickly to be able to remain resilient. However, more than all that, a family company must prioritize the harmony of its family first to become resilient.

6. Conclusion

Customer-oriented dynamic capabilities affect agile marketing capabilities. These dynamic capabilities increase the company’s agility to respond quickly to changes, adapt to existing conditions, and anticipate downturns due to multiple disruptions experienced by family companies. In contrast, customer-oriented dynamic capabilities in family companies do not directly affect family business resilience. Customer-oriented dynamic capabilities can influence family business resilience through agile marketing capabilities as a mediator where, through agility, dynamic capabilities can positively increase family business resilience. Agile marketing encourages businesses to be forward-thinking or proactive in their approach to the market. Family harmony weakens the influence of customer-oriented dynamic capabilities on family business resilience. Family companies view customer-oriented dynamic capabilities as less relevant in forming a resilient family company in the long run and relatively easier for competitors to replicate. Harmonious family conditions take precedence in the long run as a catalyst for forming a resilient family company. Family harmony also reinforces the positive influence of agile marketing capabilities on family business resilience. Family harmony facilitates conducive conditions for family businesses to be faster in the business decision-making process needed, especially in the face of multiple disruptions.

Agile marketing capabilities are critical to facilitating customer-oriented dynamic capabilities' role in influencing family business resilience. Customer-oriented dynamic capabilities are only effective when the company has agile marketing capabilities. In addition, family harmony plays an essential role in strengthening the position of agile marketing capabilities and influencing family business resilience. The current study has several limitations. Firstly, the chosen respondents are those who become incumbents of the family business, not collecting responses from potential successors or management who are not family members. Secondly, the data collection period was carried out when the COVID-19 pandemic was still occurring, so there has been no further proof of how resilient respondents are after the pandemic period ends.

A further study may involve not only incumbents of the family business but also potential successors and management parties who are not family members. The purpose is to get a broader perspective on the issue studied. In addition, a future study may compare the proposed research model before and after the pandemic.

References


Cacciolatti, L., & Lee, S. H. (2016). Revisiting the relationship between marketing capabilities and firm


