

Business Model Innovation (Case Study of Family Business in Kopo Jujitsu Indonesia (KJI) and Women Self Defense Kopo Ryu (WSDK) in West Java

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Abstract. *At a macro level, the number of business actors during the Covid 19 period decreased, including family business people. However, for some people, especially victims of layoffs, this condition forced them to continue to survive. One of the things that were done was building a business together with their family. The purposes of the research are to find out the business conditions in the Kopo Jujitsu Indonesia (KJI) and Women Self Defense Kopo-Ryu environments (WSDK) what the family businesses carry out business model innovations in the KJI and WSD environments. This study uses a qualitative method. This type of research is a case study in the KJI and WSDK environments. The data collection method was carried out by in-depth interviews with ten key informants of family business actors: participant observation and documentation study. This study's data analysis technique uses data collection, data reduction, display data, and conclusions from data analysis. The result found that the family business condition shows that all business actors have different business models, currently having almost the same problems: market access, technology, social media, financing, and human resources. Meanwhile, business model innovation is carried out by building creative and innovative businesses based on information technology, increasing human resources, and having a value proposition.*

Keywords: *Family business, Business Models and Business model innovation*

1. INTRODUCTION

The study results state that family companies in Indonesia that were established after stable political and economic conditions in Indonesia can survive with a percentage of up to 37% (Gomulia, 2013). Some studies note that 90% of companies dominating the business world are family companies or family businesses. Thus, the family business's role plays an important role in the economy and society (Ramadani et al., 2020). Pricewaterhouse Cooper (PwC) was surveyed in Indonesia. The results stated that 95% of companies in Indonesia are family businesses, which accounts for around 40 thousand numbers of rich people in Indonesia (Sefrimel, 2017).

Indonesia has several successful and surviving family companies, such as Djaroem Group, Gudang Garam, Sampoerna, Salim Group, Bakrie Group, Ciputra, and Wings Group (Rumi, 2020). Indonesia is a country with some MSMEs reaching 59.2 million (Kemenkop, 2019), of which most are family businesses. West Java is one of the provinces with the third-largest number of MSMEs.

The number of MSMEs in West Java reaches 4.5 million business units, more than 90% of which are engaged in non-agricultural businesses. The UMKM can absorb up to 9.7 million people. When the crisis hit Indonesia, many MSMEs in West Java could survive the crisis (BPS, 2018). So that family companies, which are also MSMEs, become an essential element for Indonesia's economy because they can absorb labor in the community (BPS and KUKM Office of West Java Province, 2011).

As one of the cities in West Java, Bandung contributes around 7.27% of the total number of MSMEs in the Province or around 330,000 business units (BPS, 2018). Some MSMEs that have been established for a long time and are family businesses in the city of Bandung, for example, Aroma Shop, have been established since 1930, Sim Shop was founded in 1962. The age of the group business was established after 1992, which can last a long time. Of course, innovation needed an important entrepreneurial ability that a family-run company can have to achieve a competitive advantage.

Although innovation has been considered in several respects the line of family business research, it is not a key theme in the literature on such business's contribution and relevance. There seems to be not much effort to determine whether family and non-family businesses differ in the innovation process (Tanewski et al., 2003). This paper tries to explain how the innovations made by WSDK and KJI develop their business.

2. LITERATURE REVIEW

2.1 Family business innovation

Large family companies start from small trades. However, because innovation continues to be explored and developed according to market needs, the family company can survive and develop. innovation is becoming increasingly important as a strategic instrument to increase its success and survival. (Fuetsch and Suess-Reyes, 2017; Roed, 2016). In this paper, innovation is defined as the process of seeking, exploring, and studying that results in FF implementation procedures, products, marketing methods, supply sources, and organizational models (Lundvall, 1995) that are new to them (Zaltman et al., 1973). Analysis of the existing literature shows that the focus lies on the peculiarities of the innovation process, the influence of the business family on this process, also measures the success of innovation (De Massis et al., 2013; Duran et al., 2016; Fuetsch and Suess-Reyes, 2017; Kraiczy and Hack, 2017; Roed, 2016). Whereas FF invests less in research and development, the meta-analysis shows that they receive better innovation outcomes (Duran et al., 2016). Recognizing that the differences between innovation behavior in FF and non-FF are gradual, the following section briefly shows three distinctive characteristics of innovation behavior in FF frequently mentioned in the literature. It provides context for this study's empirical part (see also Süß-Reyes and Röd, 2018) quoted from Frank Herman (2018).

Innovation is an expression of entrepreneurial activity and can contribute to the long-term survival of a business (family) (Leenen 2005). Innovation is a strategic orientation that many organizations need. It provides a way to adapt to technology, competition, and market changes (Dougherty and Hardy 1996). A significant segment of the literature on innovation management emphasizes the importance of innovation as part of corporate strategy to keep companies competitive and do business (Hakala 2011). Here, the assumption is that innovation increases the uniqueness of systems, products, processes, and services, leading to higher profitability and more growth (Damanpour et al. 1989). Innovation enables firms to increase their return on investment, achieving more. Large market share, and strengthen its overall competitive position. Innovation is always an indicator of a company's activity. It can be understood as a guarantee that the firm (family) will continue to operate and grow in the years to come (Leenen 2005; Bergfeld and Weber 2011).

According to Miller and Friesen (1983), ``[...] an entrepreneurial firm is one that engages in product market innovation, undertakes a rather risky venture, and is the first to come up with 'proactive' innovation, beating competitors with a punch " (p.771). An essential element of innovative entrepreneurial companies is the ability to adapt.

3. RESEARCH METHODS/METHODOLOGY

3.1 Family Business Model

The business model is a description of the company's processes in carrying out and creating value for various stakeholders in the company. The business model is a strategy that consists of various elements that are carried out by the company so that the company can get along or sustainable profit so that the business model is the logic of the company's thinking in running its business (Hindarsah et al., 2019).

The family business model is a business model that is run in the family company. The family company itself is defined as a company whose management is carried out by family members who are connected due to blood ties, marriage, or adoption, which influences the vision of the will and goals of the company (De Massis et al., 2014; Massis et al., 2012). Besides, there are two or more family members involved, especially in corporate financial supervision (Aronoff et al., 2011).

Donnelley argues that a company is said to be a family company when two generations of families are involved in managing the company. Their involvement influences company policy mainly due to ownership factors. Because family companies owning and managing them involve family members, the family company is identical to the owner's family (Maya K & Mustamu, 2014).

According to Susanto et al. (2007), family companies are divided into two types, namely: Family Owned Enterprise (FOE), namely companies that are owned by the family but are managed by professionals who come from outside the family circle; second, the Family Business Enterprise (FBE), which is a company owned and managed by the family of the founders. Family companies have the following characteristics: shares held by a dominant single-family group with more than 50% shares; managed by people who come from the family that owns most shares. The family holds key positions; corporate finance tends to mingle with family finances. Accountability mechanisms are not strict. Work motivation is high; there is no specificity in management.

The characteristic of a family business lies in the company's leadership and control, which is passed on to future generations because the family controls the company's ownership. Family companies need to continue to regenerate and organize professional management (CECILIA, 2017). Succession is one way to transfer family power from one generation to the next. Success can be defined as preparations for the transfer of power and control from generation to generation by involving families as early as possible, family members who are prospective successors (Kurniawan, 2018).

In the family business, there are three dimensions of development: the development of the business dimension, the development of the family dimension, and the development of ownership. In the development of ownership that occurs in a family business, there are three stages, namely: (1) owner control, (2) sibling partners, and (3) extended family association. At the stage of the development of company ownership, there are elements of the POLC management function, namely planning, Organizing (structuring), Leading (Leadership), Controlling (Control) (CECILIA, 2017). A family business's uniqueness is ownership, management, and management succession by the owner's family, affecting the objectives, structure, and mode of activity, design, and implementation of the business carried out (Ramadani et al., 2020). In its management or management, family companies have characters or characteristics: a system of replacing leadership or succession efforts, efforts to create and protect capital, exploitation efforts from family ownership, always creating ideas and understanding of new strategies, continuing to recruit and maintaining good family management, and creating a flexible and innovative organization (Hindarsah, 2020).

Early studies of innovation in family firms found that they were less innovative than non-family firms, both in attitude and results. For example, Morck et al. (2000) show that heir-controlled Canadian firms are less active in research and development than benchmark firms of the same age and size in the same industry. Recently, in a large sample of 2,000 Australian SMEs in the manufacturing and service sectors,

Tanewski et al. (2003) found that family firms had fewer product and innovation processes than non-family firms, but they followed strategic seekers.

4. RESULTS AND DISCUSSION

Koporyu Jujitsu Indonesia (KJI) is a martial arts school founded in 1967, and Women Self Defense Kopo-Ryu (WSDK) was founded in 2016, a special martial art for women that is practical. Generally, martial arts colleges where the program's focus is to train the members of the martial arts. However, in KJI and WSDK, it is physical and the religious side, namely the integrity of behavior and the economy, by creating economic empowerment programs involving members in KJI and WSDK (Hindarsah, 2018).

Various tertiary institutions open access for WSDK members to develop WSDK without distinguishing a person. WSDK participation, members are given the flexibility to participate in all WSDK activities to become trainers, speakers, social action, business, training (entrepreneurship, public speaking, graphology, etc.). The Supervision of WSDK does not differentiate men and women as long as they have each's capacity and capability. Members must supervise themselves by deciding what to do.

Many programs have been carried out, one of which is in the economic sector with the empowerment of business actors in the KJI and WSDK circles. This program has been running massively since the pandemic period in February until now. The aim is none other than to motivate to do business, explore potential, increase knowledge and expertise, and improve welfare. Based on existing data, 24 business actors are involved, and 9 of them are family businesses. A company can be said as a family company if family members own the company's ownership. There are two or more family members involved in the company either directly or indirectly. At least the family members are involved in finance and are involved for at least two generations. Therefore, the values of the family company are identical to the values of the owner's family.

The innovation ability of corporate families to account for their sustainability and dominance has been largely overlooked as a factor (Hadjimanolis, 2000; McCann et al., 2001; Gudmundson et al., 2003).

CONCLUSION

The innovation made by WSDK and KJI developed their business, namely by applying a family business model. The business's management runs and manages by members who have blood ties or kinship ties to each other with the founders. It happened because the business run by the KJI and WSDK martial arts colleges is still a pilot stage that needs development.

KJI and WSDK are not business institutions but are self-defense colleges run by families. Financial management is also still mixed with family finances because there is no professional management to manage it. The next characteristic is control and leadership centered on the founders of the KJI and WSDK, with the regeneration process given to family members. With the innovative application of the family business model, the businesses run by KJI and WSDK can still survive the midst of the Covid-19 pandemic.

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