

RESILIENCE AND PROSPERITY: A STUDY OF FAMILY BUSINESS DYNAMICS IN BALI

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Abstract

Micro, small, medium, and even large-scale businesses cannot be free from two situations, namely bankruptcy or growth, as with family businesses in Bali Province. Going bankrupt or growing becomes an undeniable reality. This research examines why some family businesses in Bali Province go bankrupt and some can grow. A study used a qualitative exploratory empirical approach to uncover the factors causing bankruptcy and the growth of family businesses. Data collection was carried out using non-participatory observation and in-depth interviews. Qualitative exploratory empirical analysis from data collection to the data interpretation process. This research has revealed that internal and external factors cause bankruptcy and the growth of family businesses in Bali Province. The bankruptcy of a family business is caused by internal factors in the form of (1) conservativeness, (2) takeover, (3) vision and talent, (4) involvement of in-laws, (5) spirit and soul, (6) mismanagement, as well as external factors in the form of (1) economic crisis, (2) stability, (3) disaster, (4) anti-change, and (5) sensitivity, for the growth of internal family businesses, (1) cadre formation, (2) trust, (3) professionalism and vision, (4) Juridical aspect, (5) position, (6) primary duties and functions, (6) typical characteristic as well as external factors in the form of (1) events, (2) natural resource potential, (3) climate and dynamics, and (4) consumers as assets.

Keywords: Family Business, Bankruptcy, Growth, Bali Province.

A. INTRODUCTION

Every organization wants to be formed, grow, develop, and live throughout the ages. However, in reality, many organizations wither before they develop and eventually collapse or go bankrupt. This phenomenon can occur not only in formal and informal organizations but also in non-formal organizations. Many factors cause an organization to fail or grow, so some can, and others cannot realize the program, mission, and vision as planned and arranged systematically (Chirapanda, 2020).

Higashi et al. (2020) revealed that organizational failure could be influenced by macro factors such as economic conditions, formal institutions, government policies, competitors and rumors, meso factors such as age and size of the organization, location property structure, client, supplier and shareholder relationships, financial resources, physical resources, human resources, and succession processes, as well as micros such as skills, characteristics, actions, and mindsets of managers.

This phenomenon has real implications for realizing or not realizing organizational goals, both short-term, medium-term, and long-term (Astawa et al., 2020). Bankruptcy and organizational sustainability, as stated above, are more comprehensive than just

social organizations and traditional organizations; even modern and professional-based organizations, such as business organizations, are not free from failure. Nutt's (1999) research results on medium to large organizations in the US and Canada reveal that this failure can be traced to managers who force solutions, limit the search for alternatives, and use power to implement their plans. Therefore, every time you start planning to build an organization, especially a business organization that is purely profit-oriented, it is very natural to consider various factors. These internal and external factors could inhibit or drive the organization's existence (Cho et al., 2022).

It is the same as building a family-based organization, a family business. The ways, methods, techniques, and approaches to managing and controlling a family business are the same. Therefore, family businesses have similarities in programs, mission, and vision with other organizations that are not family-based and are commonly called public or non-family businesses.

In fact, close to the model and scale of family businesses in Indonesia, especially in Bali, the micro, small, and medium enterprises (MSMEs) are more dominant. Family businesses in Bali Province have grown and spread from urban to rural areas. Moreover, Bali Province has a traditional source of financing called Village Credit Institutions (LPD), which only exists in Bali and does not exist in other regions or provinces in Indonesia. The traditional village owns this institution, and the residents or traditional village people fully control management as owners.

Based on the information and data above and preliminary research, with the natural resource potential (SDA) in Bali Province being relatively small and limited compared to other provinces, large industries or large-scale businesses will find it challenging to grow in Bali. However, there are LPDs as an alternative source of financing, apart from banks, cooperatives, and other institutions. Of course, it is not because of financing problems. However, because of the limited availability and supply of raw materials due to limited natural resources, MSMEs grow more dominantly with families as the main actors. The growth of family businesses in Bali is significant. The facts show that some survived quite well in the pioneer generation. Once they enter the next or second generation, they begin to experience slow, even stagnant growth, so in the third generation, quite a few experience bankruptcy. Vice versa, some other family businesses in Bali Province continued to grow and develop for several generations and still exist today. Of course, studying by paying attention to these objective conditions becomes interesting. This study of family businesses is limited in scope and only examines family businesses in the Bali Province area. The research questions in this study are (1) why some family businesses in Bali Province go bankrupt and some can grow or develop, and (2) what factors cause bankruptcy or growth of family businesses in Bali Province?

B. LITERATUR REVIEW

Business organizations have different characters from other organizations, such as social organizations. Differences in orientation cause differences in character. Business organizations are profit-oriented, while social organizations are non-profit-oriented. The existence of differences in orientation results in differences in governance in the scope of operations regarding leadership, managerial, and operational matters. This theoretical study presents descriptions of business organizations focusing on family businesses, generally categorized as MSMEs.

Business is an integral activity in which there are five functions. These five functions include (1) production or operations function, (2) financial function, (3) personnel or human resources function, (4) marketing function and (5) general administration and accounting function. In operations, these five functions cannot ignore each other and are always interdependent and must collaborate so that the business can operate normally. Failure of just one function causes business operational failure. If the production function stops, the marketing function cannot carry out its duties or obligations because no products can be marketed to consumers.

Failure of one of the abovementioned functions will continue to the financial function due to disrupted cash flow. It does not continue beyond there and will continue to disrupt business liquidity so that the organization is in an illiquid position or defaults. Salaries cannot be paid, so personnel functions do not run, including disruption to general administration and accounting systems. In conditions like these, business organizations are in an unhealthy condition.

Collaboration between functions in a business is so important and strategic. Therefore, it is not appropriate to have sectoral egos if you want a business to grow and develop continuously, especially if you want the scale of the business to move up in class, from micro to small or from small to medium or even to large business.

Pounder (2015) further revealed that the leading cause of challenges in running a family business is managing the relationship between family and business interests. Strong leadership with the will, ability and courage to build an organizational culture ready to accept continuous change is a critical factor in the success of organizations in general, including business organizations (Astawa et al., 2020).

The same phenomenon also occurs in family businesses. A family business must be distinct from a management pattern that considers the collaboration of the five functions as stated above. Even though family businesses are essentially and factually dominantly controlled by family members. However, conceptually, in terms of management or governance, family businesses are no different from non-family or public business organizations in general. Because the spirit, culture and content in family businesses are not different in principle or even similar to other businesses, such as MSMEs, which are not based on family management or large-scale businesses such as conglomerates.

All business units strive to perform innovation-based, including MSMEs and must have competitive advantages so that business performance such as MSMEs can grow and develop. Even though business is oriented towards achieving profits as a performance indicator, operations are still based on business ethics. Apart from having ethics, businesses also cannot avoid creating strategies in facing various competitions so that they can always be side by side and compete based on excellence.

Family businesses classified as MSMEs are open to various technical and managerial limitations. Therefore, taking sides through empowerment, especially from the government and large business units, is necessary. Furthermore, support through the empowerment of MSMEs, especially those in rural areas, will strengthen these businesses so that they can grow and develop as providers of employment opportunities for rural communities.

As revealed above, empowerment for MSMEs, including family businesses, is an effort to strengthen economic fundamentals. Because the existence of MSMEs, including family businesses, has spread to remote areas. Empowerment is not only technical and managerial; in the current era, empowerment through strategy creation is no less critical. Likewise, the use of technology has become very essential. Getting used to or familiar with digital business and marketing provides space and opportunities for MSMEs to grow and develop significantly. Using digital technology for MSMEs does not require business locations to be in urban centers. Businesses with digital use are open to location as long as essential infrastructure, such as an internet network, is available. It can be done anywhere and is unlimited by space, time, and location. Likewise, the presence of E-Commerce will encourage the economy in society and have implications for modern entrepreneurs, including offline businesses.

Whether family businesses are classified as MSMEs, in the current era, they must use technology to ensure that businesses grow and develop sustainably. Even when natural disasters such as COVID-19 occur, family businesses can survive if they adopt and use technology and improve management. Apart from using technology and management, it is essential to implement business strategies during the COVID-19 pandemic so that businesses can survive despite various pressures, both regarding liquidity issues and other problems. This condition aligns with the view of Piramanayagam et al. (2022) that the COVID-19 pandemic has created unprecedented challenges, significantly disrupting small business units in the food service sector managed by a family and often putting them on the verge of business closure. Family businesses showed resilience during COVID-19 more than other companies, and this will lead family businesses to become engines of global economic recovery from the COVID-19 Pandemic (Bajpai et al., 2021)

C. METHOD

This research is included in the grounded research category and is a qualitative exploratory empirical research type. The sampling technique uses purposive sampling with a snowball approach. The population is family business owners in Bali, and data collection was carried out using non-participatory observation, in-depth interviews, and focus group discussions. Determining the informant begins with determining the key informant, then the key informant is asked for information to appoint and then selected as the next informant to be interviewed. An in-depth interview will end with the informant when the informant has given the same answers to the same questions as the previous informant, called a saturated condition. Meanwhile, data from non-participatory observation complements data obtained through in-depth interviews. Furthermore, data validity testing was carried out using a triangulation model using a source approach so that data validity could be accounted for accountably and logically.

D. RESULTS AND DISCUSSION

1. Overview of Family Business in Bali

As a scientific discipline, the study of family business is still in its infancy, and academics and the business community must define what constitutes a family business uniformly. (Birdthistle & Hales, 2023). Family business is about the family influencing business decisions (Dyer, 1986). ownership and operations are run by

members from one or two families (Stern, 1986). Davis (2001) defines how much influence the family has on business policies and desires to perpetuate family control.

Empirically, family businesses in Bali have a character that is no different from family businesses in Indonesia. The initial pioneers were small families, namely a father and a mother, so many call it a household business. If the type of business is processing raw materials into products, it is usually called a home or small industry. Likewise, businesses built by small families in other sectors, such as services and trade, are always referred to as home businesses and are clustered as informal sector businesses.

After several years of operating this home business, it turns out that the scope of the business has developed and grown so that the area of the business or company is getting bigger and increasing, which is indicated by the increase in asset value, which has increased significantly. As an implication of increasing business coverage and breadth, clustering is no longer an informal sector business. However, it has been categorized as a group of micro, small, and medium enterprises, usually called MSMEs. Ghee Wee (2012) further said that family businesses are the main form of business worldwide, but until now, little structured information is available regarding the unique and complex problems they face. This may be because only in the last 20 years have researchers begun to study and understand a fundamental idea: that family businesses are very different from non-family businesses. Furthermore, Morris et al. (1997) there are fundamental differences between the nature and function of businesses owned and managed by families and businesses that the family does not control. These differences include, among other things, the length of management, the implications of business failure, the level of job security, the centralization of decision-making, the accountability of decision-making, and the impact of the family system on the business system.

What was stated by Morris et al. (1997) regarding family businesses, it turns out that this fact also occurs in Bali. When comparing non-family businesses, there are several differences between family businesses. These differences are apparent in the centralization of decision-making, which results from the culture or traditions that have become accustomed to occurring within the family. Nevertheless, family businesses in Bali, including in Indonesia, with a presence spread almost throughout urban areas to rural areas, are fundamental to the national economy. Even more resilient and adaptive to crises or shocks that come suddenly in the form of natural or other disasters. Family businesses are an essential source of economic growth and development today. Family businesses have the potential to outperform other forms of business organization through the inherent synergy between capital and management. (Motwani, 2016)

If we look at the types, family businesses in Bali Province are more dominant in the small industry and service sectors, which are correlated with the development of the tourism industry. Family businesses that are rapidly growing and developing in Bali Province include small and medium industries engaged in clothing, food, and shelter or housing, as well as industries to meet the needs of hotels and restaurants, including wood and similar craft industries, silver and the like as well as various crafts for souvenir purposes for tourists visiting Bali. Furthermore, industrial centers grew into the villages. Things like that happen because the infrastructure is relatively good, so supporting opportunities for family business growth are more accessible and without

significant obstacles due to infrastructure obstacles, fundamental infrastructure such as roads and transportation, and communication infrastructure available in the adequate category. The availability of several basic infrastructures results in relatively easy and smooth accessibility and mobility of goods and people. Furthermore, what is the description of business conditions according to business scale and business field in 2016 as follows.

Number of Businesses/Companies according to Business Scale and Business Field, 2016			
Business field	Business Scale		
	MSEs	MLEs	Total
B. Mining and Quarrying	170.150	2.532	172.682
C. Processing Industry	4.373.821	42.468	4.416.289
D. Procurement of Electricity, Gas/Hot Water Steam, and Cold Air	30.639	3.294	33.933
E. Water Management, Waste Water Management, Waste Management and Recycling, and Remediation Activities	92.391	2.439	94.830
F. Construction	227.564	30.718	258.282
G. Wholesale and Retail Trade; Car and Motorcycle Repair and Maintenance	12.151.822	180.839	12.332.661
H. Transportation and Warehousing	1.302.162	32.123	1.334.285
I. Provision of accommodation and provision of food and drink	4.445.519	20.703	4.466.222
J. Information and Communication	630.448	15.250	645.698
K. Financial and Insurance Activities	94.205	56.200	150.405
L. Real Estate	386.795	7.483	394.278
M,N. Company Services	358.178	27.291	385.469
P. Education	607.283	12.664	619.947
Q. Human Health Activities and Social Activities	239.236	4.680	243.916
R,S,U Other Services	1.153.436	8.668	1.162.104
Jumlah	26.263.649	447.352	26.711.001
Source: 2016 Economic Census Data - Statistics Indonesia			

Paying attention to these statistical data and looking empirically, the dominant presence of MSEs (Micro and Small Enterprises) is greater than that of MLEs (Medium and Large Enterprises) in Indonesia. In Bali Province, there are more micro and small businesses than medium businesses, especially since families own large businesses and micro and small businesses, so they deserve to be called family businesses. Furthermore, judging from the human resources involved in family businesses, it is dominated by family members. Even though some employees come from outside the nuclear family, the human resources involved in the family business are generally dominated by kinship relationships. This fact is found in several family businesses operating in the services, trade, and industry sectors.

If we look at it based on a professional approach, not all professional principles can be applied optimally during employee recruitment. Due to the involvement of family members, it is undoubtedly a relative obstacle in actualizing professional principles purely and consistently. That is the empirical condition of most family businesses in Bali.

2. Causes of Family Business Bankruptcy

The failure of an organization can be influenced by macro factors (Higashi et al., 2020). Likewise, the results of an empirical qualitative-based study show that the reason why some family businesses in Bali do not grow and even go bankrupt is caused by several factors. In general, macro factors and micro factors and both factors originate from

internal or external sources. These two sources of factors can influence each other. Even if it starts or originates from internal factors, external factors also accelerate unsustainability, even to the point of bankruptcy of the family business.

Furthermore, the results of the study were in line with the findings of Piramanayagam et al. (2022), which revealed that small food service companies operated by families face various challenges, including threats to existence, pressure on fixed costs, feelings of unethicity, financial instability, uncertainty. Future, and a feeling of loss of goodwill with the lender. Mitter et al. (2022) further showed that the characteristics of family companies impact their failure because the causes of bankruptcy differ from those of non-family companies. Although family firms fail less frequently than non-family firms due to unqualified management and poor business-economic competence, external causes of bankruptcy, terrible credit, and economic slowdown are more common.

The results of a study based on a qualitative empirical approach using in-depth interview and focus group discussion (FGD) data collection techniques revealed that 6 (six) internal factors were found to cause family businesses in Bali not to grow, and some even went bankrupt. The six factors are described as follows.

- a) Conservative. Because parents are complacent as pioneers of the family business, it is often difficult to give advice and criticism. There is even a tendency to be rigid, making it relatively difficult to accept change. Business competition is proliferating and is even changing quickly without being able to be controlled by old forces or the habit of managing business in ways that still need to be revised. Meanwhile, competitors have moved so fast, while family businesses that are less flexible and rigid are crushed by the speed and accuracy with which competitors anticipate changes. Moreover, everyone knows consumer behavior changes quickly in response to various business product offerings. The market will abandon anyone late in improving. Especially in the era of globalization and everything digital, world changes are so fast that they seem directionless or excessive. If the management of the family business is still conservative, bankruptcy cannot be avoided.
- b) Take over. The pioneer's complacency in controlling and operating the family business causes delays in "taking over" family members as heirs, even though they have sent the heir to a prestigious higher education. Not a few of the leading pioneers of family businesses are still hesitant and do not dare to decide to immediately hand over the throne of power to their child heirs. It is time for the heir to be given responsibility and must have the courage to separate family and business interests (Pounder, 2015). The takeover process will be too late if you do not dare to do that. Research results show that this is one of the reasons family businesses do not grow and even go bankrupt because they need to catch up in business transformation. Moreover, business transformation for MSMEs must be addressed through digitalization.
- c) Vision and Talent. It is no less critical than another cause of not growing and even going bankrupt in a family business because the heir's vision and talent differ from the leading pioneer of the family business. As an implication of these differences in vision, the heir cannot optimally and maximally manage the family business built by the leading pioneer. The heir's optimal and maximum helplessness in managing the family business causes the desire to innovate, diversify, and differentiate the business to be less than optimal, including efforts to improve business governance.

In such conditions, the family business will inevitably become stagnant, not develop, have difficulty growing, and even tend to go bankrupt. Vision and talent can boost self-confidence and foster a high sense of responsibility and ownership. However, if the vision and talent differ between the leading pioneer and the heir, the family business will undoubtedly not be able to grow as expected by the leading pioneer. If that is the case, the foremost pioneer should not force the heir to become the leading actor in the family business.

- d) **Involvement of Brother-in-law.** Usually, after the heir as part of the family business owner gets married, the number of family members increases. When family members increase, and legal rules need to be formulated, in some family businesses, conflicts often arise. When conflict is not managed wholly and straightforwardly, it will develop into one of the causes of the family business becoming stagnant and threatened with bankruptcy. Much energy is drained; it is just a matter of conflict. Usually, the conflict gets wider and wider because of in-laws' involvement as wives and husbands. Brothers-in-law do not have blood ties; if they are involved in the family business, let alone in making strategic policies, it is undoubtedly relatively risky. Differences in views can be endless and can drag on. Because genetically in-laws come from outside, they cannot be equal in conflict with heirs of the same genetic background. Genetic differences certainly have different implications regarding resolving differences of opinion, let alone conflicts. So the involvement of in-laws can be a trigger for a family business to be hampered in developing, as a result of various variations in decision making and decisions tend to take a long time and drag on, so that in conditions like that, it becomes an opportunity for competitors to move faster to take over opportunities including the market.
- e) **Spirit and Soul.** Sometimes, the leading pioneers of a family business have different spirits and heirs. This difference in spirit will significantly influence the spirit of the business itself, so it will also influence the organizational culture. A change in spirit that leads to a change in organizational culture will have implications for work culture. If the work culture changes, especially if the change is in a degressive direction, it will significantly affect the family business's image. In conditions like that, it is unsurprising that loyal customers will move to other businesses, becoming the forerunner or embryo of signs that the family business is experiencing degradation, ultimately leading to bankruptcy.
- f) **Miss Management.** Delays in adapting to changes, both in the scope of operations and management and the presence of internal problems that still need to be resolved entirely, are the source of mismanagement.

The facts show that the causes of family business bankruptcy are relatively minor due to external factors compared to internal ones. Because external factors emerge and develop as causes, weaknesses in internal factors usually trigger them. Several external factors that trigger the collapse of a family business are described as follows.

- a) **Economic Crisis.** Macroeconomic conditions greatly influence the bankruptcy and growth of all business models, including family businesses. Moreover, businesses need to be better managed and have internal problems, both technical and managerial; when macroeconomic shocks occur, whether at the regional, national, or international level, this will have a tangible impact on the stability of all businesses, including family businesses. Therefore, when there is instability in

macroeconomic conditions, only family businesses that are well-managed and correctly implement management and marketing strategies without having internal problems will be free from pressure, thereby avoiding bankruptcy. When a family business is not in a healthy position, it will collapse because its strength and capabilities will weaken, so that it will be in a chronic position, both regarding liquidity and productivity crises.

- b) **Stability.** Of course, stability and security in the external sphere are an essential and inseparable part of the stability of the family business. If instability occurs in the external sphere so that the sense of security and comfort is disturbed, especially regarding instability due to political turmoil, of course, the family business will find it challenging to grow, and if the instability lasts long enough, quite a few family businesses will be negatively affected so that stagnation or even bankruptcy is inevitable.
- c) **Disaster.** The facts show that the first businesses affected are micro and small if a disaster occurs, whether due to natural factors or human activity. In reality, micro, small, and some medium businesses are dominant, including the family business category. Disasters due to natural factors are complex for anyone to predict; even disasters due to human behavior cannot be anticipated. Therefore, family businesses are significantly at risk of disruptions like this, so quite a few experience bankruptcy when a disaster occurs.
- d) **Anti-Change.** If a family business is allergic to changes occurring in the external sphere, it will undoubtedly accelerate bankruptcy. The world is changing rapidly; it is difficult to control and has various impacts. Delays in adopting and adapting changes, especially changes in business movements and shifts resulting from advances in science and technology, are the biggest challenges for family business people in the current and future. Rigidity and fear of making changes are critical to the death of a business, such as a family business. Therefore, family business pioneers must be flexible and open to seeing changes outside of the massive and systematic ones. Following and paying close attention to changes for business people is a necessity. Dare to move forward and grow, dare to change, do not dare to change; the threshold of the business downturn is just a matter of time.
- e) **Sensitivity.** Business people need to be sensitive to external movements, especially competitors. Competitive advantage is essential to avoid being crushed by competitors' progress using advances in science and technology in managing business. If you are lulled into a silo and not sensitive to competitors' movements, the business will be one or two steps behind compared to competitors. While sensitive competitors are speeding and running and doing acrobatics amidst the waves of change, the one-step-ahead competitors are stealing the start due to a higher level of sensitivity because they have developed an open mind in operating the business.

3. Reasons for the Growth of Family Businesses

After explaining why some family businesses do not last long or only survive in the pioneer generation and when the heir generation enters bankruptcy, we then explain why some family businesses in Bali Province continue to exist, even growing and developing from home businesses or home industries. Ladder (micro business) into small, medium, or large-scale businesses. The existence and existence of some family businesses in Bali is due to the determination of all families involved to always focus

on the business vision. This consistency and shared commitment have been proven to make the family business grow and develop. This aligns with the views of Qurashi et al. (2013), who describe that a clear vision, shared values, clear procedures, expectations, and appropriate succession plans will show the way to family business success. Furthermore, De Alwis (2016) found that the most critical success factor is family harmony if succession is carried out with the heirs of family members. In practice, the business succession process encourages stakeholders to work for a higher level of satisfaction for their successors.

Furthermore, you want your family business to grow and develop per your vision. In that case, it is undoubtedly attractive what Chirapanda (2020) said, namely the critical sustainability factors identified in this study, innovation, competitive advantage, leadership, and team management, as well as establishing good relationships with the local community is a crucial step to achieving family business succession. The will, ability, and courage carried out in an integrated manner with family members on an ongoing basis so that the heir or successor has the same energy and spirit as the family business pioneer is part of the strategy to maintain the existence of the family business. This fact aligns with Cho et al. (2022), showing that the successor's management ability is the most important factor, followed by a relationship with a successor, the succession plan, and the successor's self-efficacy. The importance of the successor's interpersonal management abilities is highlighted at the second level. Successors are expected to maintain good relationships with both family and non-family members.

Meanwhile, Kumar (2018) revealed that the determining factor for the success of family business succession is managing the complex relationship between factors related to successors and incumbents, family context, business context, and having a structured agreement system. Family businesses have essential and fundamental values that non-family businesses do not necessarily have. The values embedded in orders and passed down to heirs or heirs are complicated for actors outside the family business to imitate. For example, in a food business in Bali that a family manages, it is tough for outsiders to copy the spice formula used to produce a cooking sauce so that the food produced has unique characteristics. The existence of unique characteristics of family businesses that are difficult to imitate is one of the advantages. This condition is in line with the view of Comin et al. (2022) that family businesses have different resources and capacities that are difficult to duplicate due to the interaction of the family system with the business system itself. These capabilities enable family members to interact with business systems quickly, flexibly, and unstructuredly, thereby driving enterprise competitiveness and supporting innovation.

In general, the factors that cause family businesses to grow and develop in Bali Province, based on studies, are also influenced by internal and external factors. Several internal factors can be described as follows.

- a) Cadre formation. Pioneers prepare cadres in a planned and patterned manner. The initial step taken by pioneers to family members was to introduce and provide business insight to all potential heirs when the time came. This aligns with Higashi et al. (2020) that introduction to business, especially in the digital era, is essential for vocational school students. Based on this view, it is correct if a family business pioneer introduces it to family members from the start. Introducing these business

insights will harmonize and even unite the spirit of the pioneer with the heir so that there will never be a gap in business vibrations between the pioneer and the heir (De Alwis, 2016). This spirit of collaboration strengthens the heir's business energy in running the existing family business so that the heir becomes a cadre of competent business relays and can build and develop dynamic business strategies.

- b) Trust. That it is not only enough to cadre the pioneers, but no less critical is giving trust to the heirs. When the pioneer has handed over the family business management to the heir, whoever is in control as the heir or successor must have management skills and always maintain harmonious relations or relationships between families (Cho et al., 2022). All innovations and creativity of the heirs are given complete freedom by the pioneers based on plans and synergistic communication between families. There is no longer excessive intervention from the command; it is left to the heir. Delegation of authority to the heir, mainly if it is supported by experience through cadre formation and sufficient education, will undoubtedly strengthen the heir's sense of self-confidence to make various breakthroughs, including breakthrough programs, strategies, and use of technology, including the use of social media in developing the family business (Ghee et al., 2012). In such conditions, family businesses will become more progressive in various differentiations and market reorientations to improve organizational performance.
- c) Professionalism and Vision. Even though it is a family business, you can still pay attention to professionalism in managing it. Professional principles are the basis for the family business to continue to grow in line with the vision. Family issues and family interests, let alone individual interests, should not be the basis for formulating and deciding on business policies. The family business vision is genuinely held and carried out with full responsibility, always prioritizing shared principles and values (Qurashi et al., 2013). All policies and decisions are based on professional principles with a focus or basis on operating standards (SOP) that are measurable and controlled by relying on management to be open, transparent, and accountable. Family business issues are clearly and completely separated from family issues.
- d) Juridical Aspect. Even though it is a family business, rules enforcement must be differentiated. It does not matter if one of the family members, even if they are part of the shareholders, if proven wrong, will still be subject to sanctions by the legal rules that apply in family business organizations. There is no impunity if you commit a violation.
- e) Position. Even though the family has the same position as the children of the pioneer and even has the same share composition in the family business, by correctly and adequately understanding the position of each family member in the business, of course, this factor is one of the causes of the family business growing. On the contrary, if family members as heirs to the family business do not understand the position, this could threaten the business's growth (Cho et al., 2022). Therefore, it is essential and strategic for each family member to know and understand their position to become more transparent about their responsibilities, authority, rights, and obligations as heirs, not just connoisseurs.
- f) Primary Duties and Functions. Understanding the position or position in a family business organization will be related to the main tasks and functions. Awareness of differences in positions or positions that influence differences in main tasks and

functions is necessary. Usually, the differences in main tasks and functions are closely related to differences in rewards or rewards. Suppose awareness of these differences is awakened, and the logical consequences of the differences in awards or rewards received by the heirs are understood logically. In that case, these differences will always help the growth of the family business organization. On the other hand, if awareness of differences is not awakened with common sense, it can undoubtedly become the embryo of internal conflict, which requires energy to resolve.

- g) Typical Characteristics. Many family businesses continue to grow and develop because they have distinctive characteristics and are difficult for anyone to imitate because these characteristics differentiate them from similar businesses (Comin et al., 2022). This specialty is something that only the family understands and can do. For outside parties, it is relatively complex to duplicate it, so it becomes a comparative advantage and competitive advantage that is of high value for the sustainability of the family business (Chirapanda, 2020).

Furthermore, if we look closely at the external factors causing family businesses to grow fertile and progressively, they can be described as follows.

- a) Events. Paying attention to objective conditions that occur in external space at any time is an inseparable part of efforts to produce strategy breakthroughs and generate new ideas. Strategy and the emergence of new ideas are additional energy to perpetuate the family business. The active and proactive principle of paying attention to external phenomena and events reflects vigilance and preparedness. Such a method is anticipatory, and undoubtedly, no matter how small the disturbance coming from external sources, it can be anticipated more quickly so that the best solution can be formulated more quickly and more precisely so that the resilience or immunity of the family business becomes thicker and more invulnerable. Strengthening the resilience of a family business from the influence of external negative phenomena and events makes it possible for the business not to decline quickly. Moreover, the positive influence of events can be utilized, strengthening the growth and development position of the family business. The existence of phenomena and events that create positive or negative influences on business cannot be done using a hit-and-run strategy. Immunity is formed consistently and continuously so that no matter how much disruption comes, whether suddenly or during seasonal periods, it is monitored early so that businesses never experience trauma due to panic.
- b) Natural Resource Potential. Utilizing the potential of local natural resources for family businesses also opens up the possibility of space and opportunities for more progressive growth and development. Optimizing local natural resources is economically more efficient and effective in driving business. The supply chain, including the business ecosystem, is more straightforward because family business needs can be met from local resource potential. So, a family business operates in line with the potential of local natural resources. In that case, the prospects and strengths are more accessible because business needs are faster, easier, and perhaps cheaper due to the supply chain not being too long and the business ecosystem being more straightforward.

- c) Climate and Dynamics. As a potential market, the business climate and community dynamics can support more progressive family business growth. The better the business climate in the external sphere, the more it will be directly correlated with the growth of the family business. Likewise, the higher the dynamics of community movement, the more it will affect the flow of goods and people. These dynamic conditions also create and encourage more significant opportunities for the growth and development of family businesses. Therefore, managing a family business must recognize general business principles, namely emphasizing efficiency, effectiveness, productivity, speed, and accuracy and constantly communicating intensely with consumers based on satisfaction based on symbiotic mutualism.
- d) Consumers as Assets. Consumer behavior changes relatively quickly, and the market also undergoes modifications quickly. Therefore, viewing consumers as an external asset is very important because it can support the growth and development of the family business massively and significantly. Consumers are no longer just kings and no longer limited to partners, but in the current era, consumers have shifted to business assets. Because losing consumers is a boomerang or disaster for the continuity of any business, including family businesses, it is not wrong to maintain intensive relationships or relations with consumers to care for, maintain, and increase business value, both in terms of increasing the area of operations and the breadth of the business.

E. CONCLUSION

Internal factors predominantly determine bankruptcy and the growth of family businesses in Bali Province. Stability and maturity of leadership, professional-based management, support from an entrepreneurial spirit, and stability of family conditions are the main determinants of the existence of a family business. External factors contribute to accelerating bankruptcy or the growth of a family business, depending on the capacity and reliability of internal conditions. Even though it is well understood that external factors are more challenging to control, especially family businesses, the facts show that businesses collapse more quickly due to uncontrolled and unresolved internal problems. Vice versa, a family business grows if internal problems are quickly resolved, or problems are quickly localized or amputated so that they do not escalate into family conflicts. Family businesses will undoubtedly grow and develop in line with the dynamics of economic growth in the public domain.

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