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The Role of New Family Business Value Creation for Stregthening Family Business Sustainability

Suci Purwandari[1], **Singgih Purnomo**[2], **Ilham Sentosa**[3]

[1]Departement of Business and Retail Management, Politeknik Indonusa Surakarta, Surakarta 57142, Indonesia
[2]Departement of Management, Universitas Duta Bangsa Surakarta, Sukoharjo 57552, Indonesia
[3]Departement of Management & Entrepreneurship, Universiti Kuala Lumpur, 50300, Malaysia

sucipurwandari@poltekindonusa.ac.id

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Abstract

Family business research is compelling due to its significant contribution to the economy, particularly in developing countries like Indonesia. While innovation plays a crucial role in the sustainability of family businesses, its effectiveness is still influenced by succession, family involvement, and successor knowledge. Previous studies have indicated that family businesses are more innovative than non-family businesses; however, the relationship between family involvement and innovation remains inconsistent. Notably, 95% of private businesses in Indonesia are family-owned, contributing 25% to the GDP. Yet, only 30% survive into the second generation, and a mere 12% reach the third generation due to poor succession planning and weak innovation management. This research addresses the gap by developing the concept of New Family Business Value Creation (NFBVC) based on the Resource-Based View (RBV) and Sustainable Family Business Theory (SFBT) to optimize family resources for sustainable innovation. Utilizing an exploratory-predictive approach, the study involves 268 successors of small and medium-sized Batik family businesses and is analyzed using PLS-SEM. The findings are expected to provide theoretical and practical contributions to the sustainability of family businesses. The theoretical contribution of this study is to develop the RBV and SFBT theories, while the practical contribution is to build family social capital and create value for family businesses. This research highlights the critical role of successor knowledge, willingness, and parent-child cohesion in sustaining family businesses. By introducing New Family Business Value Creation (NFBVC), the study reinforces RBV and SFBT theories, demonstrating that Family Social Capital and value creation significantly enhance long-term business sustainability across generations. NFBVC serves as a key mediator in family business sustainability, enriching RBV and SFBT theories, and emphasizes moral-based value creation as essential for long-term business continuity across generations.

Kata kunci: *Keberlanjutan usaha keluarga; Pengetahuan; Inovasi; Kebersamaan; Penciptaan nilai baru dalam usaha keluarga*

Abstrak

Penelitian bisnis keluarga menarik karena kontribusinya yang signifikan terhadap perekonomian, terutama di negara berkembang seperti Indonesia. Meskipun inovasi berperan penting dalam keberlanjutan bisnis keluarga, efektivitasnya masih dipengaruhi oleh suksesi, keterlibatan keluarga, dan pengetahuan penerus. Studi sebelumnya menunjukkan bahwa bisnis keluarga lebih inovatif dibandingkan bisnis nonkeluarga, tetapi hubungan antara keterlibatan keluarga dan inovasi masih belum konsisten. Fenomena menunjukkan bahwa 95% bisnis swasta di Indonesia adalah bisnis keluarga, berkontribusi 25% terhadap PDB. Namun, hanya 30% bertahan hingga generasi kedua, dan 12% mencapai generasi ketiga akibat perencanaan suksesi yang buruk dan pengelolaan inovasi yang lemah. Riset ini mengisi kesenjangan dengan mengembangkan konsep New Family Business Value Creation (NFBVC) berbasis Resource-Based View (RBV) dan Sustainable Family Business Theory (SFBT) untuk mengoptimalkan sumber daya keluarga bagi inovasi berkelanjutan. Menggunakan pendekatan eksploratif-prediktif, penelitian ini melibatkan 268 penerus bisnis keluarga UKM Batik dan dianalisis menggunakan PLS-SEM. Hasilnya diharapkan memberikan kontribusi teoritis dan praktis bagi keberlanjutan bisnis keluarga. Kontribusi teoritis pada studi ini adalah mengembangkan teori RBV dan SFBT, sedangkan kontribusi praktisnya adalah membangun modal sosial keluarga dan penciptaan nilai bagi bisnis keluarga, Temuan penelitian ini menyoroti peran penting pengetahuan penerus, kemauan, dan kekompakan orangtua-anak dalam mempertahankan bisnis keluarga. Dengan memperkenalkan

Penciptaan Nilai Bisnis Keluarga Baru (NFBVC), studi ini memperkuat teori RBV dan SFBT, membuktikan bahwa Modal Sosial Keluarga dan penciptaan nilai secara signifikan meningkatkan keberlanjutan bisnis jangka panjang lintas generasi. Studi ini mengembangkan Penciptaan Nilai Bisnis Keluarga Baru (NFBVC) sebagai mediator utama dalam keberlanjutan bisnis keluarga, memperkaya teori RBV dan SFBT. NFBVC memperkuat pengetahuan penerus, kemauan, dan kebersamaan orangtua-anak, menekankan penciptaan nilai berbasis moral sebagai hal yang penting untuk keberlanjutan bisnis jangka panjang lintas generasi.

1. Introduction

Research on family businesses has become increasingly important in the current business landscape, particularly due to their significant contributions to the economy, especially in developing countries like Indonesia (Koentjoro & Gunawan, 2020). Family businesses play a crucial role in creating economic and social sustainability (Ahmad et al., 2021). One of the key elements in family businesses is innovation, which is a primary factor in ensuring that these businesses can continue to grow and thrive across generations. Innovation in family businesses is not only related to new products or services but also involves new management practices and decision-making processes that support the sustainability of the enterprise (Toska et al., 2022).

However, despite their great potential, many family businesses face significant challenges in ensuring their sustainability. One of the main challenges is the succession process (Soelistyawati et al., 2024), which can impact the survival and growth of family businesses. Data from Ubaidillah and Rahayu (2023) indicates that 95% of private businesses in Indonesia are family-owned, contributing 25% to the country's GDP. Unfortunately, only about 30% of family businesses manage to survive into the second generation, and only 12% make it to the third generation (Jamil et al., 2024). This highlights that many family businesses fail to endure due to issues related to poor succession planning and ineffective innovation management (Wulansari & Cahyani, 2024). Therefore, the effectiveness of the succession process is crucial for ensuring the sustainability of family businesses and is a key factor for the success of family businesses in SMEs (Pranatasari, 2022).

Additionally, succession planning is vital for the sustainability of family businesses and relies on the skills of the founders and the transition to successors (Valencia & Pratama, 2024). Neglecting succession can have serious repercussions, while the unification of talents supports business success (Agustina & Safaria, 2023). Over time, numerous studies have revealed the importance of innovation in family businesses. A study by Rondi et al., (2019) found that family businesses tend to be more innovative than non-family businesses. This is because family businesses typically have a more flexible structure and open communication, which facilitates decision-making and innovation processes (Calabrò et al., 2019). Innovation in family businesses is not solely focused on products but also on improved processes and management, which can enhance efficiency and competitiveness. Family business succession planning is limited to family members and is influenced by emotional relationships (Kallmuenzer & Peters, 2017), making the balance between business and family values essential.

However, despite some studies indicating that family businesses are more innovative, this is not universally applicable. Research by (Skorodziyevskiy et al., 2024) shows that the level of innovation in family businesses varies significantly, depending on resource factors and the emotional social support available within the family. In fact, some studies suggest that family involvement in business, while providing emotional closeness, can also hinder innovation if not managed properly (Calabrò et al., 2019). Therefore, while innovation is important, there is no clear consensus on how family involvement can influence innovation in family businesses.

Moreover, Calabrò et al., (2019) define family business succession as the transfer of leadership, while Garcia et al., (2019) emphasize socialization. The success of succession determines the performance and continuity of the company (Le Breton-Miller et al., 2004). Innovation encompasses new ideas or different applications Calabrò et al., (2019) and transforms opportunities into new practices (Tidd & Pavitt, 2018). The ability and willingness to innovate determine the sustainability of family businesses (Skorodziyevskiy et al., 2024). Innovation supports the sustainability of family businesses (Cesaroni et al., 2021). Family involvement influences innovation (Hughes et al., 2018), but findings vary (Calabrò et al., 2019; Hughes et al., 2018; Skorodziyevskiy et al., 2024). The influence of family can be beneficial or detrimental to innovation. Furthermore, family business innovation evolves over time, influenced by various factors (Cesaroni et al., 2021). Calabrò et al., (2019) emphasize the need for further research to understand the differences in innovation orientation and the factors contributing to the success or failure of long-term innovation. Existing research also indicates a strong relationship between successor knowledge and the success of innovation in family businesses. Wang et al., (2019) and Astuti (2021) found that the knowledge possessed by successors significantly impacts the company's ability to innovate sustainably. This knowledge includes an understanding of the industry, technology, and new management practices. Thus, successors with good knowledge and skills will be better equipped to lead innovation in family businesses. Additionally, the readiness of successors to take over the business is also a crucial factor supporting the sustainability of innovation.

Furthermore, family business values influence business sustainability (Ardyan et al., 2023; Parada & Dawson, 2017) and shape identity and worldview. The togetherness of parents and children in creating new values is rarely discussed but is important (Ardyan et al., 2023). Nevertheless, while successor knowledge and readiness are important factors, research also shows that success in succession does not solely depend on individual knowledge and abilities but also on a broader transition process that involves interpersonal relationships within the family and the willingness of family members to collaborate (Astuti, 2021). To strengthen innovation in family businesses, a new concept appears to be needed that focuses not only on enhancing individual capabilities but also on more comprehensively utilizing organizational resources. One relevant theory is the Resource-Based View (RBV) developed by Berrone et al., (2010), which emphasizes the importance of managing the unique and rare resources owned by family businesses to create competitive advantages through sustainable innovation (Gagné et al., 2014). Additionally, this research also adopts the Sustainable Family Business Theory (SFBT) to optimize family resources for sustainable innovation. Sustainable family business theory (SFBT) was originally proposed by Stafford et al. (1999) then developed by Danes and Brewton (2012). SFBT seeks "to identify the family and business resources and constraints, processes and transactions that are most likely to lead to the achievement of sustainable business and family and family business" (Stafford et al., 1999).

Therefore, this study will develop a new concept called New Family Business Value Creation (NFBVC). This concept aims to address the challenges faced by family businesses in adapting to change and maintaining long-term sustainability. NFBVC combines the utilization of unique family resources, such as intergenerational knowledge, family culture, and reputation, with continuous innovation to create value that is not only economic but also social and spiritual. This concept is expected to provide a stronger foundation for family businesses in navigating market dynamics and ongoing changes. It will also contribute to the development of SFBT. The details of the development of this new concept will be elaborated in the literature review section.

The primary objective of this research is to examine how the togetherness of parents and children, successor knowledge, and successor willingness can influence the creation of new value and sustainable innovation in family businesses, particularly in the Batik SME sector. This research is crucial for enhancing our understanding of how these factors interact and support the sustainability of family businesses. Thus, this study not only contributes to family business theory but also provides practical insights that can be applied by family business owners to enhance their competitiveness and sustainability in the future.

This research is exploratory and predictive, aiming to test the relationships between the variables involved in family business innovation. The respondents of this study are successors of family businesses (second and third generations) in Batik SMEs in Central Java, with the family business scale classified as SMEs. According to data from the Ministry of Industry's Center for Crafts and Batik (BBKB), there were 3,159 batik companies in Indonesia in 2021 and the largest number were in Central Java, namely 2,299 units or 72.8%. Batik SMEs are currently experiencing very tight competition, especially with the increasing number of imported batik products from China. Meanwhile, most Batik SME owners are the second and third generations, who do not have much experience and ability in managing the batik industry, so they are very vulnerable to the current competition (Dewi & Ardyan, 2020). Based on these problems, this study aims to examine the influence of parent-child togetherness, successor knowledge, and successor willingness on the creation of new values and sustainable innovation in family businesses, especially in the Batik SME sector.

2. Literature Review

In this section, we will discuss the theories underlying family businesses, which include the Sustainable Family Business Theory and the Sustainable Family Business and Sustainable Innovation Theory. Additionally, we will explore the Resource-Based View Theory to achieve competitive advantage. Following that, we will outline the process of forming new concepts. Finally, we will elaborate on the formulation of research hypotheses.

2.1. Resource-Based View (RBV) Theory

The Resource-Based View (RBV) Theory, developed by Barney (1991), emphasizes that a company's competitive advantage depends on valuable, rare, inimitable, and non-substitutable resources (VRIN). This theory focuses on the internal factors of the company, where strategic resources—both tangible, such as technology, capital, and infrastructure, and intangible, such as reputation, organizational culture, and managerial capabilities—are the main factors in creating sustainable competitive advantage. RBV shifts the focus from external factors, such as market conditions and industry competition, to internal factors in achieving long-term competitiveness. Barney (1991) argues that companies that can effectively identify, develop, and exploit their resources will outperform their competitors. Peteraf (1993) adds that this advantage depends on isolating mechanisms that prevent duplication by competitors. RBV also serves as the foundation for the development of Dynamic Capabilities Theory, which highlights the importance of a company's flexibility in adapting and reconfiguring its resources in a dynamic business environment (Teece et al., 2009).

2.2. Sustainable Family Business Theory and Its Relevance to Sustainable Innovation

The Sustainable Family Business Theory (SFBT) aims to identify the resources, constraints, processes, and transactions within families and businesses that contribute to the sustainability of family businesses (Carsrud & Brännback, 2012). This theory is rooted in general systems theory, emphasizing the interaction between family and business systems and how they influence each other Carsrud et al., (2012). In this approach, the family plays not only the role of actors in the business but also as a system that continuously interacts with one another to achieve business sustainability (Berrone et al., 2012). Therefore, the sustainability of family businesses depends not only on economic factors but also on the balance between family dynamics and the business strategies applied (Carsrud & Brännback, 2012).

The family climate is a crucial factor in business sustainability as it serves as social capital that binds family members in the business (Berrone et al., 2012). SFBT focuses on leveraging financial capital, social capital, and human capital as essential elements for family businesses (Danes et al., 2009). Human capital, such as the knowledge and skills of successors, plays a role in the growth of family businesses and enhances competitive advantage (Bégin et al., 2009). This advantage can be strengthened through sustainable innovation that maintains business values and provides space for successors to develop the business (C. Wang et al., 2007). Furthermore, the active involvement of the next generation in the business will encourage innovation relevant to changing times, allowing the business to continue to grow and compete in the market (Bégin et al., 2009). In the context of family businesses in Indonesia, sustainable innovation is defined as efforts to maintain existing business values while opening opportunities for business vitality through competent successors. This study emphasizes the importance of family capital, particularly in the form of knowledge and the willingness of successors, as well as the application of new values that support the sustainability of family businesses (Bégin et al., 2009). Thus, the continuity of family businesses depends not only on the legacy of values from previous generations but also on the adaptability and innovation of successors in facing future business challenges (C. Wang et al., 2007).

2.3. Creation of New Family Business Value

Family businesses often emphasize moral principles as their operational foundation (Ahing & Situmorang, 2024). Values in family businesses play a significant role in shaping identity, guiding behavior, and determining the success or failure of the organization (Wulansari & Cahyani, 2024). In this context, shared values can foster enthusiasm, commitment, and solidarity among stakeholders, influencing long-term business behavior (Suseno, 2022). Strong values also help sharpen job definitions, support long-term perspectives, and motivate optimal performance in family businesses (Ahing & Situmorang, 2024). Additionally, values passed down from generation to generation can build a competitive advantage that is difficult for non-family businesses to imitate (Suseno, 2022).

Family businesses are not immune to the dynamics of business and the ever-evolving environmental changes (Suseno, 2022). Therefore, new philosophies and aspirations that can adapt to business developments and existing external challenges are necessary (Wulansari & Cahyani, 2024). Parents and heirs in family businesses must discuss the values that can be maintained and those that need to be developed to ensure business continuity (Ahing & Situmorang, 2024). The next generation plays a crucial role in upholding the principles of family business that have been inherited from previous generations (Suseno, 2022). In addition to maintaining old values, the next generation must also be able to adapt to modern trends to ensure the business remains relevant in the era of globalization (Wulansari & Cahyani, 2024).

Collaboration between the current and future generations in building new values will impact the sustainability of family businesses (Wulansari & Cahyani, 2024). A mutual agreement on the application of business values is key to ensuring the stability and competitiveness of family businesses in the future (Ahing & Situmorang, 2024). The values developed not only serve as the business identity but also as a foundation for enhancing dedication and the longevity of the company (Suseno, 2022). With systematic efforts to identify and manage business values, family businesses can remain adaptive in facing challenges and maintain their existence in the long term (Wulansari & Cahyani, 2024). The application of these values can also help create a strong organizational culture, enhance employee loyalty, and build harmonious relationships between family and business (Ahing & Situmorang, 2024).

2.4. The Relationship Between Successor Knowledge, Successor Willingness, and Parent-Child Togetherness on Business Innovation Sustainability

The sustainability of innovation in family businesses is influenced by the knowledge and willingness of successors, as well as the togetherness between parents and children. Adequate knowledge of successors enables them to understand business dynamics and apply relevant innovations, which in turn supports the sustainability of the company (Y. Z. Wang et al., 2019). The willingness of successors to actively engage in the family business is also a key factor. Research in Taiwan confirms that the knowledge and willingness of successors significantly contribute to sustainable innovation in family businesses (Astuti, 2021). Furthermore, the togetherness between parents and children creates effective synergy in resolving intergenerational conflicts, ultimately supporting the creation of new value and the sustainability of family businesses (Rahmawati & Cahyani, 2024). A study in Indonesia found that synergistic conflict resolution between generations has a positive effect on the creation of new value in family businesses (Ardyan et al., 2023). Thus, the combination of successor knowledge and willingness, along with the togetherness between parents and children, forms a strong logical foundation to support innovation and the sustainability of family businesses.

2.5. Synthesis Process in the Development of New Family Business Value Creation

New Family Business Value Creation (NFBVC) is a new concept oriented towards the transformation process of family businesses to generate unique economic, social, and spiritual value through innovation, strategic adaptation, and the utilization of distinctive family business resources. NFBVC can be regarded as a superior spirit resource, leading to competitive advantage to enhance sustainability and competitiveness in the face of dynamic market challenges, while maintaining family identity, values, spirituality, and heritage. NFBVC (New Family Business Value Creation) is oriented towards contributing to profitability, revenue growth, and operational efficiency. Additionally, NFBVC plays a role in strengthening social value in environmental sustainability and contributing to job creation. The spiritual dimension includes the value of brotherhood among family members in creating a noble legacy for future generations. Therefore, it can be formulated that NFBVC is the utilization of unique family business resources, innovation and adaptation, intergenerational collaboration, sustainability and resilience, heritage values, and identity to preserve family values and reputation.

The new concept of NFBVC is built to address theoretical and research gaps in the study of enhancing family business resilience. This concept is developed by deriving from the Resource-Based View (RBV) theory proposed by Barney (1991), which aims to understand how a business manages strategic assets to create sustainable value by leveraging unique, rare, and inimitable internal resources as a competitive advantage. RBV focuses on how a company's internal resources, including the unique resources possessed by family businesses (such as intergenerational knowledge, family culture, and reputation), can be used to create new value. Additionally, this concept is built upon the Sustainable Family Business Theory developed by (Sharon M & Danes, 2012). This theory aims to identify resources and constraints within families and businesses, as well as processes and transactions that are most likely to lead to sustainability for both the business and the family, ensuring that family businesses continue to operate across generations in a balanced manner. Innovation, adaptation, and social and environmental responsibility support business sustainability, which is covered by family values emphasizing kinship, cooperation, and mutual assistance, along with spiritual values to create a legacy of noble family values.

Thus, the proposed proposition is: NFBVC is a new concept of strong family-based business transformation that operates across generations, balancing the responsibilities of family, social, and business values supported by knowledge, skills, competencies, innovation, and adaptation to market and technological changes, reinforced by the utilization of unique resources, intergenerational collaboration, and the preservation of family identity and heritage to achieve business sustainability (Ardyan et al., 2022). The synthesis process is illustrated at **Figure 1**.

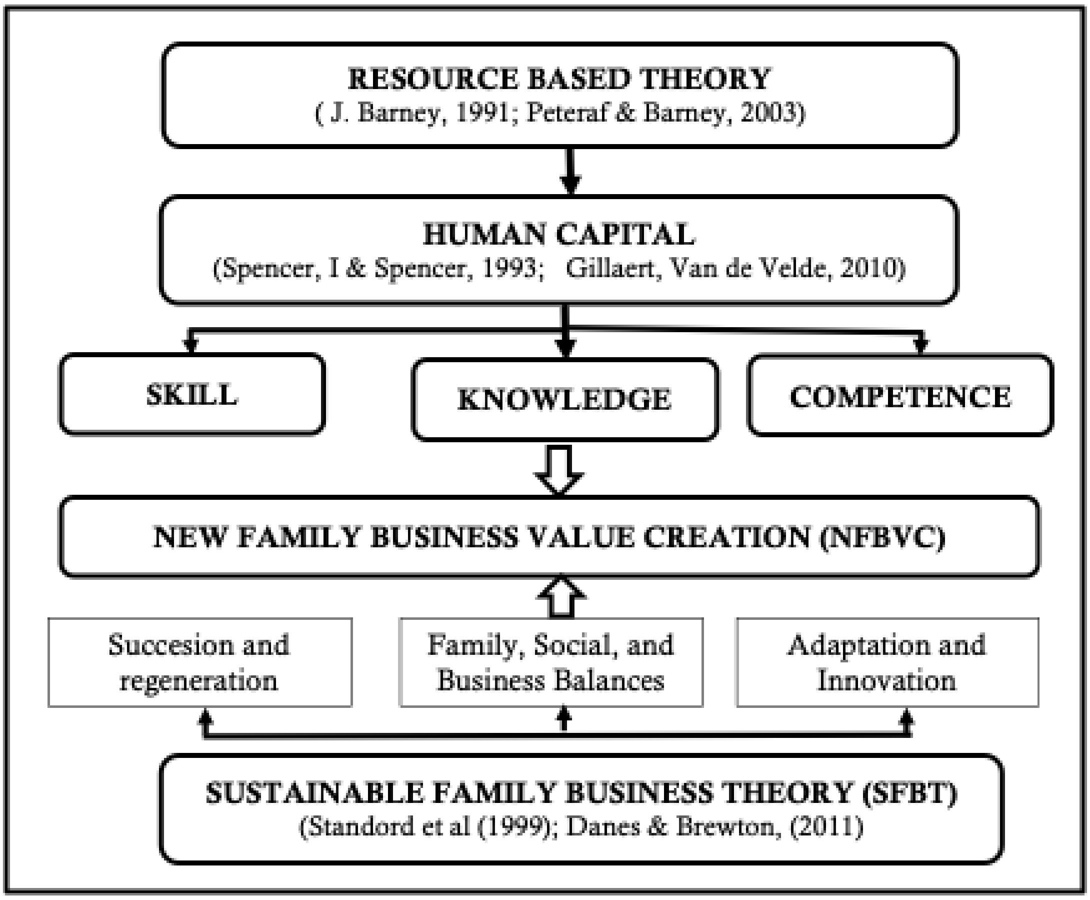

Figure 1. Synthesis process (Ardyan et al., 2022)

A study conducted by Ardyan et al. (2022) used the SFBT theory approach to explain family business sustainability, their influence on family business sustainability was tested, with new family business value creation (NFBVC) as a mediating variable. NFBVC, as a new concept, has been tested for validity and reliability. Therefore, this study adapts the instrument used by Ardyan et al. (2022) to measure NFBVC.

2.5.1. Parent-Child Togetherness

Togetherness in family businesses is not merely an interpersonal relationship among family members; it also encompasses emotional aspects and reciprocity that shape shared values within the organization. The concept of reciprocity among family members in business, which involves mutual feedback, idea sharing, and expressing expectations, is crucial in creating value in family businesses (Rovelli et al., 2022). This allows for an interaction process that not only enhances individual performance but also strengthens the family's shared goals in managing the business. Over time, these relationships can reinforce emotional bonds that enable family members to feel connected and committed to the continuity of the business. The emotional ties among family members in family businesses significantly influence the creation and maintenance of business value. This emotional aspect can serve as a driving force for the next generation to continue and develop the business established by their parents.

These strong bonds encourage family members to work together to achieve long-term goals, both in terms of financial profit and organizational sustainability (Berrone et al., 2010). As noted by (Hirigoyen & Poulain-Rehm, 2014), values in family businesses are often influenced by decisions and policies made by the family council, which is responsible for creating principles and strategies that ensure business sustainability. In this context, the family's role in establishing the organization's vision and values cannot be underestimated. Furthermore, Ardyan et al., (2023) indicate that the togetherness between parents and children in family businesses plays a vital role in creating new value within the business. The closeness of this relationship allows for closer interactions, fostering better communication and enhancing collaboration across generations. Houshmand et al., (2017) add that children involved in family businesses from a young age tend to have a deeper understanding of the business and are more prepared to take on leadership roles in the future.

With a strong emotional connection, open communication, and a better understanding, the continuity of family businesses is more assured, both in terms of operational sustainability and innovation. Jamil et al., (2024) emphasize that positive interpersonal interactions within the family impact the long-term sustainability of family businesses. They argue that good relationships between parents and children influence how the company responds to external challenges, adapts to market changes, and creates innovative strategies. For instance, when parents and children work together in planning and executing strategies, they can share experiences and new ideas that can support the growth and competitiveness of the business. Moreover, a study conducted by Ardyan et al., (2023) shows that the togetherness of parents and children in family businesses directly affects the sustainability of the family business, as good relationships can facilitate the succession planning process and the selection of successors. With a deep understanding of the business and each other's roles, this relationship facilitates a smoother leadership transition and can ensure the continuity of business values from generation to generation. Therefore, the following hypotheses are proposed:

H1: Parent-Child Togetherness positively influences the creation of new value in family businesses.

H2: Parent-Child Togetherness will enhance the sustainability of family businesses.

2.5.2. Successor Knowledge

According to research by Do Paço et al., (2021), a "successor" is defined as a business planning process aimed at nurturing qualified candidates for senior management positions in the future. This process aims to ensure the continuity of key positions within the family business by selecting potential individuals based on performance and personnel assessments at various organizational levels. Succession involves four main steps: identifying needs, developing selection criteria, determining successor candidates, and selecting the right individuals (Ip & Jacobs, 2006). Ip and Jacobs (2006) state that this succession process is not merely a transfer of power from the founder to the successor but also allows the successor to implement innovations and develop the business sustainably.

To ensure the sustainability of family businesses, successors must possess sufficient knowledge to manage and develop the family business (Kraśnicka & Steinerowska- Streb, 2019). Adequate knowledge and experience enable successors to generate new ideas and creative visions that can drive business growth (De Massis et al., 2022). Studies conducted by De Massis et al., (2022) and Kraśnicka et al., (2019) show that increased knowledge is related to sustainable innovation in family businesses. Knowledge also plays a crucial role in creating new value for the organization. Ge et al., (2022) state that human capital, such as knowledge, plays a vital role in the success of the succession process. Additionally, effective knowledge management can enhance the capacity for creating and absorbing organizational values and is key to strategic renewal across generations in family businesses (Su & Daspit, 2022). The knowledge transfer process that occurs during succession has a significant impact on the long-term success of family businesses (Kralj & Nikolić, 2023; Pipatanantakurn & Ractham, 2022). Based on this explanation, the following hypotheses are proposed:

H3: Successor knowledge positively influences the sustainable innovation of the company in family businesses.

H4: Successor knowledge positively influences the creation of new values in family businesses.

2.5.3. Successor Willingness

Leadership transitions in family businesses often lead to a restructuring of power among family members, which can significantly impact the future strategies and organizational structures of the business (Harveston et al., 1997). This succession process also holds symbolic meaning for external parties, including consumers, shareholders, suppliers, and the government, which can influence the company's image (Schumaker, 2016). However, this succession process does not always proceed smoothly and can lead to internal conflicts, which in turn affect the operations and performance of the family business (Y. Z. Wang et al., 2019). Therefore, it is essential for the founders of the company to prepare their successors with the necessary managerial skills to elevate the company to a higher level of development (Kamener et al., 2021).

Research by Do Paço et al., (2021) explains that the readiness of successors and their understanding of their roles in the succession process significantly contribute to a smooth leadership transition. Additionally, Venter et al., (2006) state that a strong relationship between the successor and the predecessor is also highly influential in the success of the succession process. Studies by Somboonvechakarn et al., (2022) and Oktavia et al., (2020) highlight that the willingness of successors to engage in succession is closely related to sustainable innovation within the family business. The successors' willingness to continue the leadership of the family business is also correlated with value creation and innovation within the company (Sinha & Thakur, 2023). Therefore, the success of succession depends not only on managerial skills but also on the readiness and willingness of successors to take on leadership roles and the innovations they bring to ensure the sustainability of the family business. Based on these arguments, the following research hypotheses are proposed:

H5: Successor willingness positively influences sustainable innovation in family businesses.

H6: Successor willingness positively influences the creation of new values in family businesses.

2.5.4. Creation of New Family Business Values and Family Business Sustainability

Family values and corporate objectives are inseparable and have a mutually influential relationship. This indicates that both elements are closely interconnected and interactive in shaping the sustainability of family businesses (Baù et al., 2013). Families that hold strong beliefs in their values can transfer these principles into the company and use them as a foundation for decision-making and the managerial strategies implemented (Sinha & Thakur, 2023). Good managerial practices in family businesses also heavily depend on their ability to maintain and cultivate long-term values that will enhance the sustainability of the company. Family businesses that adopt results-oriented management practices and avoid strategies that may diminish long-term value will be better prepared to face existing challenges (Ferreira et al., 2021). One way for family businesses to achieve long-term sustainability is by developing new knowledge through the accumulation of information gained from internal experiences. This knowledge can enhance managerial capacity and create superior value from existing resources to maintain a competitive advantage in the market (Koentjoro & Gunawan, 2020).

With a clear vision and a code of conduct agreed upon by all family members, the sustainability of the family business can be consistently maintained (Ardyan et al., 2023). Value creation in family businesses is not solely focused on financial profit but also involves deep interpersonal relationships among family members, which in turn will strengthen and prolong the life of the company (Sinha & Thakur, 2023). Therefore, managing family values within the family business is a crucial step to ensure that the business can continue to grow and survive in the long term. The application of family values that are consistent with business objectives will provide a strong foundation for maintaining stability and the viability of the business in the future. The proposed hypothesis is:

H7: The creation of new values in family businesses has a positive effect on sustainable business innovation.

2.6. Empirical Model

From the above description, the proposed empirical model of the research is illustrated as follows **Figure 2**.

3. Method

3.1. Respondents

Data collection was carried out through the distribution of questionnaires and interviews. The questionnaires were distributed directly to the respondents from September to November 2024. The respondents for this study were second and third-generation successors of family businesses in batik SMEs in Central Java. According to data from the

Ministry of Industry's Center for Crafts and Batik (BBKB), there were 3,159 batik companies in Indonesia in 2021 and the largest number were in Central Java, namely 2,299 units or 72.8%, so it is representative enough to be used as a sample. The data was obtained from the Indonesian Batik Entrepreneurs Association for the Central Java region. The family business scale was SMEs, not large enterprises. Using the Area Stratified Purposive Sampling technique, a total of 268 respondents were obtained for this study. The respondent profile is shown in **Table 1**.

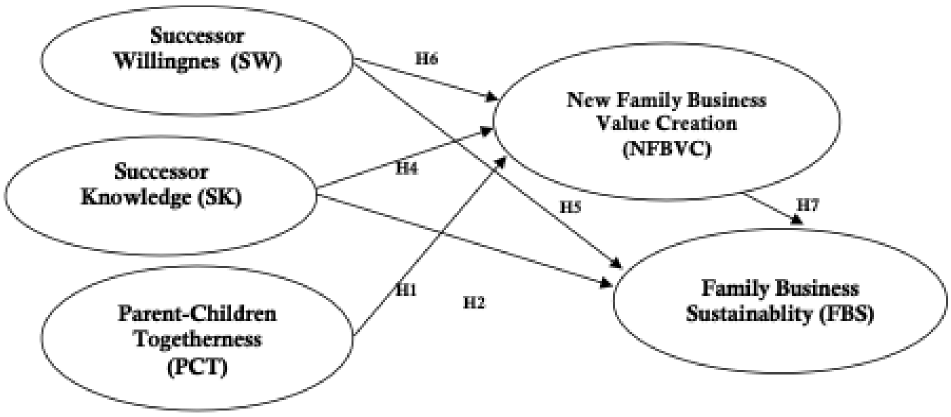

Figure 2. Empirical model
Source: Model by author

Table 1. Respondent profile

No	Profile	Category	Number	Percentage (%)
1	Gender	Female	128	47.8
		Male	140	52,2
2	Education	Elementary School	2	0.7
		Junior High School	17	6.3
		High School	90	33.6
		Diploma	15	5.6
		Bachelor's Degree	136	50.7
		Master's Degree	8	3.0
3	Age	< 30 years	29	10.8
		31-40 years	80	29.9
		41-50 years	96	35.8
		> 50 years	63	23.5
4	Business Duration	< 5 years	25	9.3
		6-10 years	77	28.7
		11-15 years	95	35.4
		> 15 years	71	26.5
5	Business Category	Small	153	57.1
		Medium	115	42.9
6	City	Surakarta	74	27.6
		Sukoharjo	54	20.1
		Klaten	30	11.2
		Boyolali	20	7.5
		Karanganyar	15	5.6
		Wonogiri	20	7.5
		Sragen	55	20.5

Based on **Table 1**, most respondents were male, had a high school education, were aged between 41 and 50 years, had been running their businesses for 11 to 15 years, were in the small business category, and were from Surakarta.

3.2. Variable Measurement

The measurement instruments for successor knowledge (SK) and successor willingness (SW) were adapted from Venkatesh et al., (2003). The sustainable family business (FBS), The parent-child togetherness (PCT), and New Family Business Value Creation (NFBVC) instrument adapted from (Ardyan et al., 2023). The variable measurements used a 7-point Likert scale. The Operationalization of variable shown in **Table 2**.

Table 2. Operationalization of variable

Variables	Definitions		Statement	Sources
Successor knowledge	Knowledge that must be possessed by the company's successor	1	The successor should be equipped with professional qualities and capabilities	(Venkatesh et al., 2003)
		2	The successor should have crisis awareness and response capability	
		3	The successor should have talent development and utilization capability	
		4	The successor should have interpersonal community relationships	
		5	The successor plans to expand the business scope of the enterprise.	
		6	The successor generally prefers challenging work	
Successor willingness	Willingness of successor to continue the family business	1	The successor wants to control the business in all aspects	(Venkatesh et al., 2003)
		2	The successor wants to make the family business more prosperous	
		3	The successor will input most of their personal time in the business	
		4	The successor will feel stressed due to the views of his/her family and friends	
		5	he successor wants to be approved by the eldership.	
		6	The successor will give up a job he/she loves for succession	
		7	The successor will enjoy higher flexibility when working in the family business	
Sustainable family business	Family business sustainability is the long-term sustainability of the family business	1	Children commit to continue the family business	(Ardyan et al., 2023)
		2	Business does not stop only in the first generation	
		3	Family businesses always earn profits for the long term	
		4	Prospective successors can foster a sense of harmonization between siblings in running a family business	
		5	Prospective successors can foster a sense of harmonization with employees or employees	
The parent-child togetherness	The condition where parents and children have a close relationship and together do many activities to get closer to each other	1	parents and children have a strong emotional bond	(Ardyan et al., 2023)
		2	parents and children have good communication	
		3	parents and children have a shared vision in running a business	
		4	parents and children routine knowledge sharing	
		5	parents and children have a philosophy in running a business	
		6	routine meetings between family members	
		7	actions to foster family harmony	
New family business value creation	An activity to create new values and culture by parents and children that will move the family business towards the best performance	1	some new values or goals are created together between father and son	(Ardyan et al., 2023)
		2	there is an improvement in the values of the family business carried out by children	
		3	children add certain values to the family business	
		4	the child is allowed to change the value of the family business that has been set by his predecessor	

3.3. Data Analysis

This study is exploratory and predictive in nature. Therefore, the analysis method used was Partial Least Squares Structural Equation Modeling (PLS-SEM), which has been widely used by researchers such as Hair et al., (2019). SEM is capable of detecting measurement errors using observed variables (J. F. Hair et al., 2019). It also has the ability to simultaneously test all causal relationships between observed and latent variables (J. F. Hair et al., 2019). This study adopted the traditional PLS algorithm with bootstrapping set at 5,000 subsamples and no sign changes. PLS-SEM analysis was conducted using SmartPLS 3.3.2 (Ringle et al., 2015).

4. Result and Discussion

4.1. Interviews

The interviews were conducted to gather information about succession in batik SMEs, which are family-owned businesses, and the sustainability of these family businesses. Interviews were conducted with family business owners and experts in the field of batik SMEs. The profile of the family business owner informants is shown in **Table 3**.

Table 3. Informant profiles

No	Informan	Education	Generation Level	Experiences (Years)	Age
1	R1	Master	3	23	52
2	R2	Master	2	15	48
3	R3	Master	2	12	38
4	R4	Ph.D	3	25	54
5	R5	Ph.D	3	14	42

The results of the interviews with family business owners were discussed using key quotes to understand the context in which sustainability is conceptualized, planned, and implemented. These findings were then categorized into various constructs based on the six dimensions proposed by Sadiku-Dushi et al., (2019) and interpreted accordingly. The Interpretative Phenomenological Analysis (IPA) framework was chosen for data analysis as it allows for analyzing the meanings of phenomena and human experiences in specific situations (Jamil et al., 2024). The results of these interviews will be used to strengthen the findings from the quantitative analysis in this study.

4.2. PLS-SEM Results

Model evaluation in PLS consists of evaluating the measurement model, structural model, and the goodness-of-fit of the model.

4.2.1. Measurement Model Evaluation

The first step in SEM analysis is to evaluate the measurement model. The evaluation includes testing the validity and reliability of the constructs, assessed through the loading factor, Cronbach's alpha, composite reliability, and average variance extracted (AVE) (J. F. Hair et al., 2019). The results of the measurement model evaluation are shown in **Table 4**. The validity and reliability test results for each construct are explained below.

Table 4. Measurement model evaluation

Variables	Indicators	Convergent Validity		Internal Consistency Reliability		VIF
		Outer Loadings	AVE	Composite Reliability	Cronbach Alpha	
FBS	FBS1	0.788	0.654	0.904	0.867	1.028
	FBS2	0.859				1.013
	FBS3	0.798				1.022
	FBS4	0.721				1.530
	FBS5	0.867				1.965
PCT	*PCT* 1	0.842	0.692	0.940	0.925	1.002
	PCT 2	0.731				1.840
	PCT 3	0.856				1.030
	PCT 4	0.865				1.023
	PCT5	0.852				1.046
	PCT6	0.820				1.030
	PCT7	0.850				1.039
SK	*SK1*	0.802	0.762	0.950	0.938	1.010
	SK2	0.876				1.499
	SK3	0.906				1.416
	SK4	0.866				1.332
	SK5	0.898				1.470
	SK6	0.887				1.854
SW	*SW1*	0.860	0.678	0.936	0.920	1.748
	SW2	0.747				1.776
	SW3	0.884				1.340
	SW4	0.868				1.195
	SW5	0.764				1.005
	SW6	0.914				1.196
	SW7	0.703				1.801
NFBVC	*NFBVC1*	0.865	0.764	0.928	0.896	1.710
	NFBVC2	0.907				1.277
	NFBVC3	0.898				1.317
	NFBVC4	0.824				1.212

As seen in **Table 4**, all items have outer loading values > 0.7, indicating that all items or indicators are valid based on their outer loading validity. Additionally, all constructs have Cronbach's alpha values > 0.7 and composite reliability values above 0.7, confirming that all constructs are reliable. The convergent validity level indicated by AVE values > 0.50 meets the requirements for good convergent validity. Furthermore, VIF values are less than 5, indicating no multicollinearity between the constructs (Sarstedt, et al., 2017).

4.2.1.1. Discriminant Validity

The measurement model evaluation also tested discriminant validity, which assesses the empirical differences between constructs. The methods used for discriminant validity testing in this study were the Fornell-Larcker test and the HTMT method. The results of the discriminant validity tests are shown in **Table 5** and **Table 6**.

The Family-Business Sustainability (FBS) variable has an AVE square root of 0.809, which is higher than its correlation with other variables (see correlation values for other variables). Similarly, the AVE values for other variables are as follows: Parent-Child Togetherness (PCT) is 0.832, Successor Knowledge (SK) is 0.873, Successor Willingness

(SW) is 0.824, and New Family Business Value Creation (NFBVC) is 0.874. These values are all higher than the correlations with other variables.

Table 5. Fornell-larcker criteria

	FBS	PCT	SK	SW	NFBVC
FBS	**0.809**				
PCT	0.801	**0.832**			
SK	0.619	0.611	**0.873**		
SW	0.545	0.562	0.561	**0.824**	
NFBVC	0.599	0.587	0.575	0.561	**0.874**

Table 6. Heterotrait-monotrait ratio (HTMT)

	FBS	PCT	SK	SW	NFBVC
FBS					
PCT	0.883				
SK	0.676	0.647			
SW	0.600	0.600	0.594		
NFBVC	0.677	0.640	0.619	0.599	

Hair et al. (2018) recommend the use of HTMT because it is a more sensitive and accurate measure of discriminant validity. The recommended threshold is below 0.90. The test results show that the HTMT values are all below 0.90 for each variable pair, indicating that discriminant validity is achieved.

4.2.1.2. Structural Model Evaluation

The second step in evaluating PLS-SEM results is assessing the structural model. This assessment includes multicollinearity (VIF), hypothesis testing (p-value), and direct effect size (f^2) with the following criteria: f^2 of 0.02 is considered low, 0.15 moderate, and 0.35 high (J. F. Hair et al., 2019).

Table 7 shows the hypothesis testing results, indicating that PCT, SK, and SW significantly affect NFBVC ($p < 0.05$). Additionally, PCT, SK, and NFBVC have a positive and significant effect on FBS, while SW does not have a significant effect on FBS.

Table 7. Structural model evaluation

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	F^2
PCT -> FBS	0.608	10.789	0.000	0.595
PCT -> NFBVC	0.286	3.792	0.000	0.084
SK -> FBS	0.144	2.903	0.004	0.034
SK -> NFBVC	0.257	3.660	0.000	0.068
SW -> FBS	0.049	0.875	0.382	0.004
SW -> NFBVC	0.256	4.145	0.000	0.074
NFBVC -> FBS	0.132	2.587	0.010	0.030

4.2.1.3. Model Fit and Goodness of Fit Evaluation

The third evaluation is the model's fit and goodness of fit. In this study, the evaluation was performed using R^2, Q^2, and SRMR (J. F. Hair et al., 2019). The results are shown in **Table 8**.

Table 8. R square values

	R Square	R Square Adjusted	Q^2	SRMR

FBS	0.682	0.677	0.426	0.069
NFBVC	0.459	0.453	0.335	

The R^2 statistic represents the extent to which the variance of the endogenous variable can be explained by exogenous variables in the model. According to Chin (1998), the qualitative interpretation of R^2 values is as follows: 0.19 indicates low influence, 0.33 moderate influence, and 0.66 high influence. Based on the results, the combined influence of PCT, SK, and SW on NFBVC is 0.459 or 45.9% (moderate influence). The influence of PCT, SK, SW, and NFBVC on FBS is 68.2% (high influence).

SRMR (Standardized Root Mean Square) is a model fit measure that reflects the difference between the observed data correlation matrix and the estimated model correlation matrix. According to Hair et al., (2019), an SRMR value below 0.10 indicates a good model fit. The estimated model value is 0.069, meaning the model has an acceptable fit, and the empirical data adequately explain the relationships between variables in the model.

4.2.1.4. Mediation Analysis

Mediation analysis is used to test the indirect effect of independent variables on dependent variables. According to Ogbeibu and Gaskin (2023), mediation effects are categorized as low if the coefficient is below 0.02, moderate at 0.075, and high at 0.175. The results of the mediation analysis are shown in **Table 9**.

Table 9. Indirect effects

	Path Coefficient	T	P Values	Category
PCT -> NFBVC -> FBS	0.038	2.118	0.035	Moderate
SK -> NFBVC -> FBS	0.034	2.045	0.041	Moderate
SW -> NFBVC -> FBS	0.034	2.163	0.031	Moderate

Table 9 shows that NFBVC mediates the relationships between PCT, SK, and SW with FBS, as indicated by p-values < 0.000. The PLS-SEM analysis results can be illustrated in the model in **Figure 3**.

4.3. Discussion

4.3.1. Parent-Children Togetherness (PCT), New-Family Business Value Creation (NFBVC), and Family Business Sustainability (FBS)

Togetherness is an emotional bond formed within the family, which includes commitment, empathy, and a high level of care for each member's well-being. Family togetherness can decline due to factors such as the introduction of new family members into the business, asset distribution, business planning, retirement, and other issues faced among family members (Ardyan et al., 2022). To foster togetherness, regular communication among family members is essential (Ahmad et al., 2021). Routine idea-sharing helps family members develop the necessary mindset shifts and creates space for diverse perspectives (Hu et al., 2022). In cases of significant intergenerational conflicts, good communication is crucial. Family members gather to jointly seek solutions for their problems, aiming to synergize different viewpoints and arrive at solutions for shared challenges.

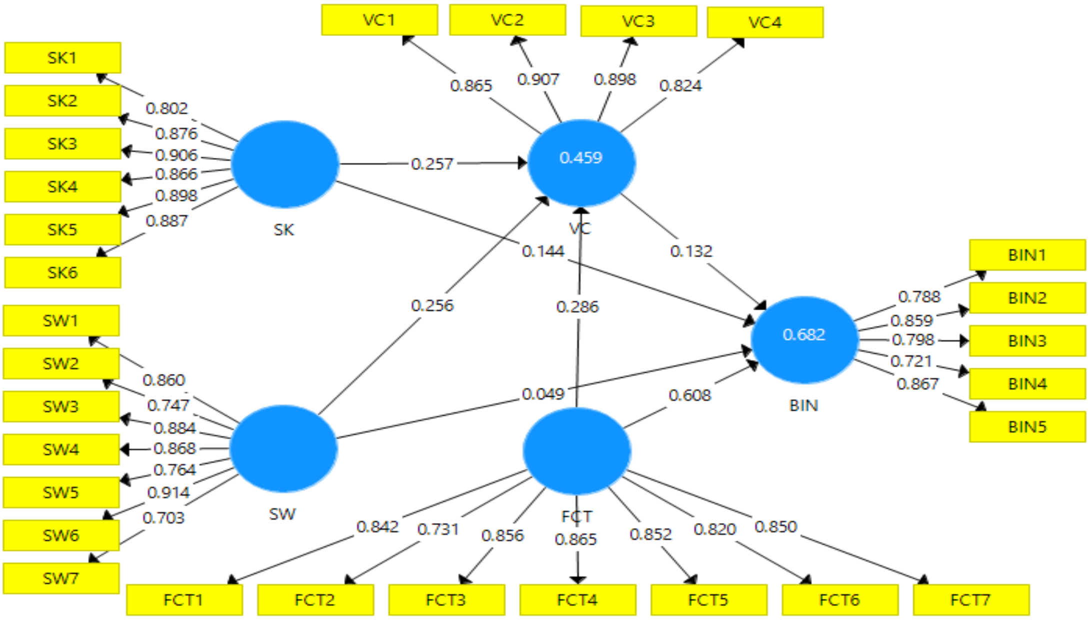

Figure 3. Research model

This study's findings indicate that parent-children togetherness can lead to the creation of new family business values. These findings support the study by Ardyan., (2022) and Parada et al., (2017). As founders of the family business, parents bring certain values to business development (Parada & Viladás, 2010). However, these values often clash with the preferences of their children. These differences arise from changing times, where children, as successors, believe that changes in business values are necessary. Such differences in vision and values can lead to family business conflicts, discouraging children from continuing the family business (Ardyan et al., 2022; Parada et al., 2019). Parent-children togetherness should foster positive development of the family business's vision and values (Ardyan et al., 2023). Good communication and mutual trust enable parents to listen to their children's opinions and adapt to the proposed new values (Ardyan et al., 2022). Based on the results of this study and previous research, it can be concluded that family togetherness encourages the transformation of family business values into new values created jointly by parents and children. Therefore, good communication between parents and children is necessary to build togetherness and trust, thus achieving a shared vision and values for the family business that encourage positive growth for the company.

This study also finds that the creation of new values and family togetherness positively impacts family business sustainability. These findings align with Hategan et al., (2019), who assert that an internal process orientation affects sustainability, particularly through family togetherness in the business. Togetherness fosters effective communication in running the family business. Communication is a critical attribute necessary for family businesses, contributing to business success and sustainability (Somboonvechakarn et al., 2022). Strong family togetherness reduces conflicts and facilitates business growth (Ardyan et al., 2023). It also promotes kinship-based interpersonal relationships, which enhance strong commitments (Eddleston & Morgan, 2014), business success, and sustainability (Ardyan et al., 2023; Jin et al., 2021). These findings conclude that family values and corporate goals influence each other. This is supported by the opinion of Liczmańska-Kopcewicz et al., (2024), who stated that families with strong beliefs can transfer these values as principles for managing the company.

This conclusion aligns with interview findings from several informants: ***First,*** Family business sustainability is fostered by family support, which plays a vital role in strengthening emotional bonds among family members. ***Second,*** Parent-children togetherness can encourage successors to continue the family business, as strong bonds open up discussions about the family business, generating shared ideas about the company's values. The following interview quotes highlight parent-children togetherness:

"We realize that this business will eventually be passed on to our family. Therefore, we often discuss this business with our future successors." (R3)

"We believe that harmony between parents and children is crucial so we can convey any information or issues related to the family business. We frequently discuss the business in a relaxed atmosphere during family gatherings." (R1, R4).

These quotes show that parent-children togetherness plays a significant role in family business sustainability. Emotional bonds formed during togetherness make it easier for parents and children to share information and business ideas.

4.3.2. Successor Knowledge (SK), New-Family Business Value Creation (NFBVC), and Family Business Sustainability (FBS)

Knowledge is relevant information used to protect or sustain a business over time, derived from experience and education (Pane & Christanti, 2023). Knowledge management is a critical success factor for transferring a business to the next generation and is essential in managing and protecting the business over time (Duh, 2014). The literature highlights that knowledge is a vital resource for any organization and is formed through continuous social interaction between tacit and explicit knowledge. Tacit knowledge is individual, contextual, and difficult to formalize, while explicit knowledge is formalized, written, and shared for future use and transfer among individuals (Farnese et al., 2019; Koentjoro & Gunawan, 2020; Pérez-Pérez & Hernández-Linares, 2020). Despite its importance, challenges in creating, sharing, and transferring knowledge remain a significant concern for any organization, especially for family businesses when a new generation must take over from the previous one (Martínez et al., 2013; Pane & Christanti, 2023).

This study found that successor knowledge positively influences the creation of new family business values and family business sustainability. This finding supports Casprini et al., (2017) which indicated that human capital, such as knowledge, can facilitate a successful succession process (Chandler, 2021). Effective knowledge management can significantly enhance the capacity to create and absorb organizational values and is crucial for intergenerational strategic renewal (Martínez et al., 2013). Previous studies have also shown that knowledge creation and transfer are integral to the succession process, occurring throughout the entire process (Schell et al., 2018).

Other studies show that family businesses can achieve long-term success by inheriting and transforming knowledge or developing innovations from existing knowledge—one of the key processes for family business longevity (Letonja et al., 2021; Y. Z. Wang et al., 2019). However, this study also implies that successor knowledge alone is not enough to ensure succession or business sustainability, as many other factors influence family business sustainability. Additionally, many small and medium-sized enterprises (SMEs) do not fully utilize all available resources for knowledge transfer, often prioritizing tradition over innovation and "family bonds" over making changes over time (Woodfield & Husted, 2017).

The results of interviews regarding successor knowledge support these findings: ***First,*** The Role of Resource Knowledge and Capabilities: Knowledge and capabilities of resources play a crucial role in business sustainability through development, innovation, and continuity. The interview quotes on resource capabilities are as follows:

"We recruit professional and skilled individuals for our family business and empower them by giving them responsibilities. If we have skilled and professional people in our business, nothing can stop us from sustaining the business. The people we recruit are taken from our family members, and we systematically groom them to ensure the family business's sustainability." (R1, R3)

Second, The Importance of Business Management Knowledge: Business management knowledge is essential in family businesses, with senior managers preparing successors through formal and informal education. Successors are groomed in business management to ensure the continuity of the family business. In the context of batik SMEs, business management includes production, marketing, finance, resource management, and production waste management. R2 and R4 emphasized the importance of business management knowledge:

"Business knowledge is crucial for family business successors. Without proper business knowledge, you cannot sustain the business due to the high level of competition." (R2). "In my opinion, the main issues in family businesses are financial and human resources. Without financial and human resources (business knowledge), the business cannot operate." (R4). "I suggest family businesses access financial resources from within the extended family." (R2).

Third, Successor Willingness: The willingness of successors also plays a role in the succession process and succession planning improvement, contributing to the smooth completion of the succession process. The following quotes highlight the importance of successor willingness:

"I am delighted if my family members are willing to continue the family business because they understand the values embedded in the family business." (R1, R5). "Family members' willingness to continue the family business simplifies succession planning and improves the family business's performance." (R3). "The willingness of successors to continue the family business is a critical decision for the family business's sustainability." (R3)

4.3.3. Successor Willingness (SW), New-Family Business Value Creation (NFBVC), and Family Business Sustainability (FBS)

According to Parker (2016), the willingness of a successor can be seen from the range of emotions and intentions to continue or join the family business. Successor readiness can be developed early by introducing the family business as soon as possible and teaching potential successors the importance of the business. Besides internal factors within the successor, external factors such as a strong relationship between the successor and the family business can also influence willingness. This study found that successor willingness positively influences the creation of new values in the family business. This indicates that a successor's willingness to continue the family business affects the creation of new values according to their preferences and desires. However, successor willingness in this study does not have a significant direct effect on family business sustainability (FBS) and must go through the process of new value creation within the family business. This could be due to successors not yet fully understanding the innovations required for the family business, thus necessitating a prior understanding of the existing values in the business. Additionally, the insignificant relationship between Successor Willingness (SW) and Family Business Sustainability (FBS) suggests that business sustainability is not solely determined by willingness but also depends on other factors such as innovation, managerial and financial strategies, as well as family and market support. Without a clear vision, leadership skills, strategic mission, or adaptability to industry trends, a business may stagnate or decline despite the successor's intention to continue it.

The findings of this study do not support the studies by Hauck and Prügl (2015) and Wang et al., (2019), which stated that successor willingness has a significant positive effect on Family Business Sustainability. These previous studies argued that when successors are willing to run the family business, it could enhance the company's innovation capacity. A strong desire from the successor can motivate those involved in the family business to make the company more prosperous and encourage creative thinking to grow the business (Astuti, 2021). The differences in findings could be due to previous studies not incorporating the variable of new-family business value creation, which is a critical factor in family businesses. This factor allows successors to adapt or introduce new ideas and values that align with their preferences. When these values align with their desires, it can foster creativity and innovation within the family business.

4.3.4. The Importance of the New Concept: New Family Business Value Creation (NFBVC) in Achieving Business Sustainability

The new concept of New Family Business Value Creation (NFBVC) has proven to be a key element in ensuring family business sustainability (Ardyan et al., 2022). NFBVC acts as an effective mediator between Successor Knowledge (SK), Parent-Children Togetherness (PCT), and Successor Willingness (SW), with full mediation specifically observed for SW. This indicates that without the application of NFBVC, a successor's willingness to continue the family business may not be fully realized. The role of NFBVC lies in its ability to integrate successor knowledge with family togetherness, creating a synergy that strengthens the next generation's commitment and readiness to take over the business. Thus, NFBVC not only ensures effective knowledge transfer but also builds a strong emotional foundation between parents and children, which is essential for the continuity of the family business. This study reinforces that successful family businesses with sustainable practices tend to have effective succession strategies, which involve identifying suitable future leaders, training, and careful planning for the transfer of responsibilities. Therefore, NFBVC becomes a powerful concept in ensuring that family businesses not only survive but also thrive across generations, providing sustainable stability and growth. These findings are supported by interviews with several informants (R1, R2, R3, R4, and R5), as follows:

First: Family businesses prioritize ethical principles, moral values, togetherness, and collaboration to achieve collective prosperity. These values are crucial and have a significant impact on individual, family, and business behavior, and they are linked to the success or failure of both individuals and organizations. These values foster a spirit of enthusiasm, commitment, and shareholder solidarity, influencing how the family business operates over time. In family businesses, such values are considered the foundation for building and developing the business by enhancing familial bonds, solidarity, and business performance. The following interview excerpts highlight the values applied in family businesses:

"For our business, these values are essential as they form the foundation for running the business. We always uphold business ethics, product standardization, and familial relationships in managing this business" (R1). "The norms and ethics in this family business are always maintained because we want the business to perform well and be sustainable" (R2, R4). "For us, maintaining good relationships between employees and business owners is a long-term investment, so we strive to enhance the sense of brotherhood among us" (R4, R5).

Second: Family business owners maintain and develop their market share through innovation and business development strategies. Innovation and business development encompass a variety of activities related to new technologies, research and development, innovation, and business changes. Entrepreneurs agree that technological advancement is key to the progress of family businesses. The following are excerpts related to business innovation:

"The competition in the batik industry is currently very tight, and traditional batik products have been replaced by machine-made batik products, such as printed batik. Therefore, we have now switched to printed batik, which is more efficient in terms of production" (R5, R3). "The eco-friendly trend has influenced us to innovate using natural dyes. We have also opened an online store to expand our market share" (R2, R3). "In addition to product innovation, we are also innovating in our sales services to make it easier for customers to purchase our products, such as marketing through social media and e-commerce" (R1, R4).

Furthermore, R4 emphasized that family businesses are endowed with a set of beliefs and practices centered on progressive spirit—remaining competitive, innovative, adaptive, and creative in all phases of business, including product design, production processes, and marketing.

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5. Contribution to Body of Knowledge

This study has developed a new concept, *New Family Business Value Creation (NFBVC)*, which enriches the application of the *Resource-Based View (RBV) Theory* and *Sustainability Family Business Theory*, particularly in family businesses rooted in superior values such as cooperation, mutual assistance, and brotherhood. The research findings indicate that NFBVC plays a key role in mediating *Successor Knowledge (SK)*, *Parent-Children Togetherness (PCT)*, and especially *Successor Willingness (SW)*, with NFBVC serving as a full mediator. This confirms that without the creation of new values grounded in strong moral foundations, achieving family business sustainability is challenging. The new concept of NFBVC found in this study is to develop the RBV theory that only focuses on internal resources (successor knowledge and successor willingness) as part of human capital, but also uses external resources, namely Parent-Children Togetherness as part of human social. NFBVC indicators that can be used as references for further research based on their level of importance are increasing the value of the business run by children, then children add certain values to the business, followed by values created together by father and children, and children are given permission to change the values of the family business that have been previously determined.

In addition, this study highlights that NFBVC is a transformative element that enables family businesses to endure and thrive across generations. By reinforcing deep family values, this concept addresses the challenges of regeneration and enhances business sustainability. Therefore, this research not only contributes to theoretical advancements but also provides practical insights for family businesses in the modern era.

6. Conclusion

Sustainability in family businesses is a critical theme, as only a small fraction of family businesses survive into the third generation. Successor knowledge, successor willingness, and parent-children togetherness in family businesses are key issues that often lead to succession failures. The lack of alignment between family business values and the successors' perspectives, along with inadequate family business sustainability (FBS), further contribute to these failures. This study demonstrates the importance of successor knowledge, successor willingness, and parent-children togetherness in creating new values and enhancing FBS within family businesses. Parent-children togetherness is identified as a dominant factor that influences the creation of new values and innovation in family businesses. The creation of new values plays a crucial role in strengthening FBS.

This research provides managerial implications for family businesses to ensure smooth succession and sustainability. It emphasizes the need to enhance successors' knowledge, encourage successors' willingness, foster parent-children togetherness, and promote the creation of new values aligned with contemporary developments. A key finding of this study is the role of new value creation as a mediator between successor knowledge, successor willingness, and parent-children togetherness in achieving FBS.

The study also develops a new concept, *New Family Business Value Creation (NFBVC)*, which strengthens and enriches the implementation of *Resource-Based View (RBV) Theory* in the context of family businesses. Additionally, this research reinforces the *Sustainability Family Business Theory (SFBT)* by highlighting NFBVC as a primary mediator for business sustainability. NFBVC strengthens moral values, regeneration, and cross-generational continuity, making it a key element for the success of family businesses. Moreover, SFBT implies that the reinforcement of a sustainable business system lies in family social capital, which includes successor knowledge, successor willingness, and parent-children togetherness. The business system can be further strengthened through the creation of new values in the family business. The strong relationship between family and business systems in this study underscores the significance of SFBT in family business contexts.

This study has limitations including: First, it is difficult to find respondents in the first and second generations who are willing to be interviewed or become samples in this study, so the interview results are not very in-depth. Therefore, for future research, it must have a longer time to find respondents who have time to be interviewed. Second, this study has not included the emotional aspect and synergy between generations to resolve conflicts in the family business, so the ability of successors to resolve problems or conflicts in the family business has not been seen. For future studies, it is better to include these variables in order to produce a better model.

Authors' Declaration

Authors' contributions and responsibilities

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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