



**ONLINE COMMUNITY BUSINESS MODEL TO ENHANCE  
THE SUSTAINABILITY OF FAMILY BUSINESS**



**DOCTOR OF PHILOSOPHY**

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**Institute of Technology Management and Entrepreneurship**

**ONLINE COMMUNITY BUSINESS MODEL TO ENHANCE THE  
SUSTAINABILITY OF FAMILY BUSINESS**

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA  
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**Doctor of Philosophy**

**2023**

**ONLINE COMMUNITY BUSINESS MODEL TO ENHANCE THE  
SUSTAINABILITY OF FAMILY BUSINESS**

**ANITA WIJAYANTI**

**A thesis submitted in fulfillment of the requirements for the degree of Doctor of  
Philosophy**



**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**2023**

## DECLARATION

I declare that this thesis entitled “Online Community Business Model to Enhance the Sustainability of Family Business” is the result of my own research except as cited in the references. This thesis has not been accepted for any degree and is not concurrently submitted for candidature of any other degree.

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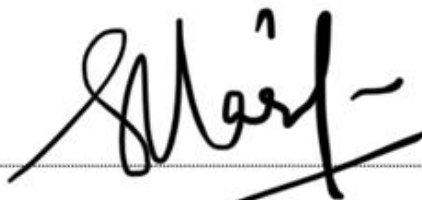
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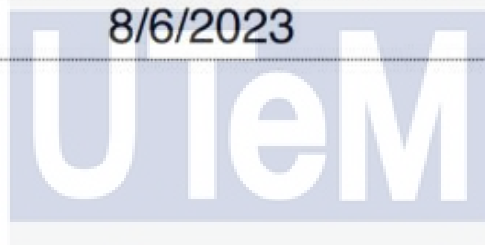
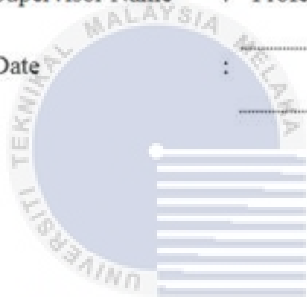
## APPROVAL

I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy

Signature : 

Supervisor Name : Professor Ts. Dr. Massila Binti Kamalrudin

Date : 8/6/2023



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## DEDICATION

I would like to dedicate this work and express my gratitude to supervisor Prof. Ts. Dr. Massila binti Kamalrudin, Universiti Teknikal Malaysia Melaka (UTeM) and Assoc. Prof. Dr. Safiah Sidek, Universiti Teknikal Malaysia Melaka (UTeM) who always gave their guidance until proper completion of this thesis.

Also, I would like to dedicate this thesis to my family and friends express special thanks to my dear parents, Muchlis and Wiwik Wiyati, whose words of encouragement and persistence are firmly instilled in my mind, also to my children, Rika and Rizqy, who have never left me and are very special to me.

In addition, I would also dedicate this thesis to many friends at Islam Batik University, Surakarta, Indonesia for their support. I will always appreciate everything they have done for me.



## ABSTRACT

The COVID-19 pandemic hitting the world has caused many companies to go into liquidation. Family business is one of the companies that are forced to go into liquidation. Family business aims for sustainability, so that it can be a legacy left for the next generation. This is a serious problem for family business. Moreover, family business must face changes in the business environment and technology. Family business also has weaknesses in terms of resources. Family business must find solution to enhancing their sustainability. Several studies state that online business is an alternative model of family business. Therefore, this research is important since it examines an appropriate business model to enhance the sustainability of family business. Some experts state that family business is unique, that family as a strong community. The researcher assumes that the appropriate model for family business is based on the two theories above. In several theories on online business model, there are theoretical concepts of Community-based online business model. Community-based online business model is recommended to enhance the sustainability of family business. The weaknesses in the theory of the community-based online business model are inconsistencies in the analyses of the community in online business model theories due to the lack of a clear definition of community-based online business. The problem statement of this research is (1) What are the attributes of online community business model that may enhance the sustainability of family business? (2) How to develop online community business model that may enhance the sustainability of family business? (3) To what extent does online community business model facilitate the sustainability of family business? This research used a mixed method and aimed to 1) examine the attributes of online community business model that may enhance the sustainability of family business; 2) analyze online community business model that may enhance the sustainability of family business, and 3) analyze the feasibility of online community business model to enhance the sustainability of family business. The results of this study indicate four main attributes of the online community business model, as follows: community, strategic alliance, business platform, and business transformation. There are many activities arising from the implementation of online community business model in family businesses. Therefore, the online community business model is also prepared based on family business's activities. The overall structured online community business model indicates a conceptual framework and a series of activities in a comprehensively structured online community business. The evaluation was carried out to ensure that the online community business model is feasible to be applied to family business. The evaluation results show that the online community business model is feasible since it has appropriate scientific principles and practices and can enhance the sustainability of family business. The developed model can be used to solve several problems faced by family businesses and provides guidelines for carrying out procedures for changing business direction from traditional to online. This research also provides input to company owners or family business management on how to change their mindset when operating a business in a community model or collaborating with other companies.

# **MODEL PERNIAGAAN KOMUNITI DALAM TALIAN UNTUK MENINGKATKAN KEMAMPUAN PERNIAGAAN KELUARGA**

## **ABSTRAK**

*Pandemik COVID-19 yang melanda dunia menyebabkan banyak masalah pembubaran. Perniagaan keluarga merupakan salah satu syarikat yang terancam likuidasi. Padahal tujuan dari perniagaan keluarga adalah keberlanjutan agar perniagaan keluarga dapat diwariskan kepada generasi berikutnya. Ini adalah masalah serius bagi perniagaan keluarga. Selain itu, perniagaan keluarga harus menghadapi perubahan persekitaran perniagaan dan teknologi. Perniagaan keluarga juga mempunyai kelemahan dalam bidang sumber daya. Perniagaan keluarga harus mencari penyelesaian untuk meningkatkan keberlanjutan. Beberapa penelitian menyebutkan bahawa model perniagaan online merupakan model perniagaan alternatif untuk perniagaan keluarga. Oleh kerana itu, penelitian ini menjadi penting kerana penelitian ini mengkaji model perniagaan yang tepat untuk meningkatkan keberlanjutan perniagaan keluarga. Sementara beberapa ahli juga menyatakan bahawa perniagaan keluarga itu unik. Keluarga sebagai komuniti yang kuat. Peneliti berasumsi untuk mencari model perniagaan yang sesuai untuk perniagaan keluarga berdasarkan dua teori di atas. Dalam beberapa teori mengenai model perniagaan dalam talian, terdapat konsep teori model perniagaan dalam talian berasaskan Komuniti. Model perniagaan dalam talian berasaskan komuniti disyorkan untuk meningkatkan kemampanan perniagaan keluarga. Terdapat ketidakkonsistenan dalam analisis mengenai komuniti dalam teori model perniagaan dalam talian kerana kekurangan definisi yang jelas mengenai perniagaan dalam talian berasaskan komuniti. Pernyataan masalah kajian ini ialah (1) Apakah ciri-ciri model perniagaan komuniti dalam talian yang boleh meningkatkan kemampanan perniagaan keluarga? (2) Bagaimana untuk membangunkan model perniagaan komuniti dalam talian yang boleh meningkatkan kemampanan perniagaan keluarga? (3) Sejauh manakah model perniagaan komuniti dalam talian memudahkan kemampanan perniagaan keluarga? Kaedah Mix digunakan dalam penyelidikan ini. Kajian ini mempunyai tiga tujuan, iaitu 1) terhadap atribut model perniagaan komuniti dalam talian yang dapat meningkatkan keberlangsungan perniagaan keluarga; 2) menganalisis model perniagaan model perniagaan komuniti dalam talian yang meningkatkan keberlanjutan perniagaan keluarga, dan 3) menganalisis kelayakan model perniagaan komuniti dalam talian untuk meningkatkan keberlanjutan perniagaan keluarga. Hasil kajian menunjukkan bahawa ada empat atribut utama daripada model perniagaan komuniti dalam talian. Empat atribut utama tersebut ialah komuniti, pakatan strategi, platform perniagaan, dan transformasi perniagaan. Banyak aktiviti yang muncul sebagai akibat daripada penerapan model perniagaan komuniti dalam talian di perniagaan keluarga. Oleh kerana itu, model perniagaan komuniti dalam talian juga disusun berdasarkan aktiviti yang dilakukan oleh perniagaan keluarga tersebut. Keseluruhan model perniagaan komuniti dalam talian yang tersusun menunjukkan kerangka konseptual dan rangkaian kegiatan dalam perniagaan komuniti dalam talian yang tersusun secara lengkap. Model penilaian dilakukan untuk memastikan bahawa model perniagaan komuniti dalam talian layak untuk diterapkan pada perniagaan keluarga. Hasil evaluasi menunjukkan bahawa model perniagaan komuniti dalam talian layak digunakan kerana sesuai dengan prinsip ilmiah, praktik yang dilakukan dan dapat meningkatkan keberlangsungan perniagaan keluarga. Model yang dibangunkan boleh digunakan untuk menyelesaikan beberapa masalah yang dihadapi oleh perniagaan keluarga dan menyediakan garis panduan untuk menjalankan prosedur untuk menukar arah perniagaan daripada tradisional kepada dalam talian.*



*Penyelidikan ini juga memberi input kepada perniagaan keluarga tentang cara mengubah minda mereka apabila mengendalikan perniagaan dalam model komuniti atau bekerjasama dengan syarikat lain.*



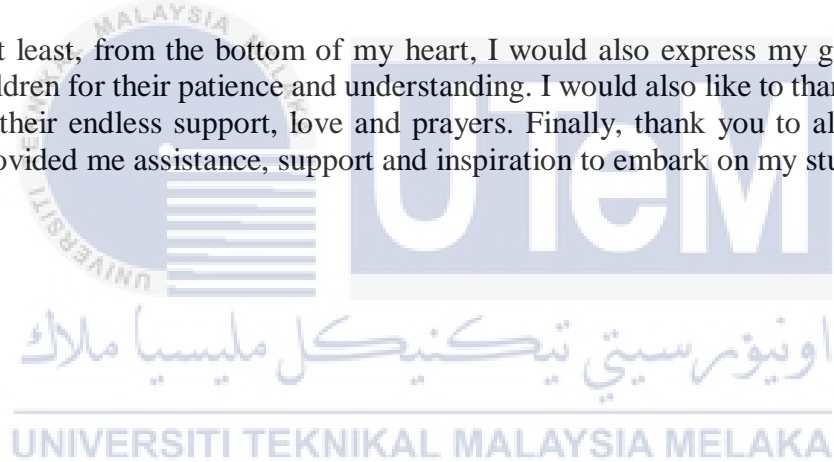
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## LIST OF SYMBOLS AND ABBREVIATIONS

|            |   |
|------------|---|
| KMO        | Kaiser Meyer Olkin's Measure of Sampling<br>Correlation Coefficient |
| $\Sigma$   | Simple Sum  |
| $r_{ij}$   | Simple Correlation Coefficient Between<br>Variables I And J         |
| $r_{phij}$ | Partial Correlation Coefficient Between<br>Variables I And J        |
| $\alpha$   | Cronbach's Alpha  |
| $r$        | Correlation Coefficient   |
| $n$        | Respondent  |
| $x_i$      | Score Of Each Item In The Instrument                                |
| $y_i$      | Score Of Each Item In The Criteria                                  |
| $r$        | Correlation Coefficient   |
| $t$        | T Statistic   |
| $S_i^2$    | Variance Of Each Item   |
| $S_t^2$    | Total Variance  |
| $r_i$      | Reliability Coefficient Of Cronbach's Alpha                         |
| $k$        | Number Of Question Items  |
| $JK_i$     | Square Of All Items' Scores   |
| $JK_s$     | Square Of The Subjects  |
| $X_t$      | Total Score   |



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## LIST OF PUBLICATIONS

1. **Anita Wijayanti**, Massila binti Kamalrudin, Safiah Sidek and Titisari, H.K. 2021, A Business Transformation Model To Enhance The Sustainability Of Small-Sized Family Businesses, *Problems and Perspectives in Management*, 19(1), pp. 185-197. doi:10.21511/ppm.19(1).2021.16 (Scopus Index, Q2, IF.H Index 18).
2. **Anita Wijayanti**, Massila binti Kamalrudin, Safiah Sidek, Factor Contributing Online Family Business to Enhance the Sustainability of Family Business, *The Turkish Online Journal of Design, Art and Communication – TOJDAC* ISSN: 2146-5193, September 2018 Special Edition, p.3114-3120 (Copernicus Index, DOAJ)

### Non-Indexed Journal

N/A



### Conference Proceedings

**Anita Wijayanti**, Massila binti Kamalrudin, Safiah Sidek, Factor Contributing Online Family Business to Enhance the Sustainability of Family Business, *International Symposium on Research in Innovation and Sustainability (ISORIS) 2018*.

**Anita Wijayanti**, Massila binti Kamalrudin, Safiah Sidek, Online Business Barriers: Perception of Indonesian Small Family Business, *International Symposium on Research in Innovation and Sustainability (ISORIS) 2019*.

# CHAPTER 1

## INTRODUCTION

### 1.1. Research Background

The COVID-19 pandemic apparently did not only influence health but also shocked the global economy. The COVID-19 pandemic had a tremendous impact on the global economy (Leal Filho et al., 2021; Rume and Islam, 2020). In economy, this pandemic disrupted both supply and demand. The COVID-19 pandemic also had consumption and investment declined and affected supply chains. Thus, it affected companies' activities and production networks (Ivanov, 2021). In Indonesia, the COVID-19 was confirmed in March 2020, and in May 2020 the pandemic hit all provinces in Indonesia (Halimatussadiah et al., 2020). The COVID-19 pandemic affected Indonesia's economy, and all kinds of businesses were affected by the country's economy that slowed down due to restrictions on human movement in order to stop COVID-19 from spreading (Halimatussadiah et al., 2020; Susilawati et al., 2020).

Specifically, the COVID-19 pandemic badly hit family businesses in Indonesia. The declined number of family businesses in Indonesia before and during COVID-19 pandemic is as indicated in figure 1.1

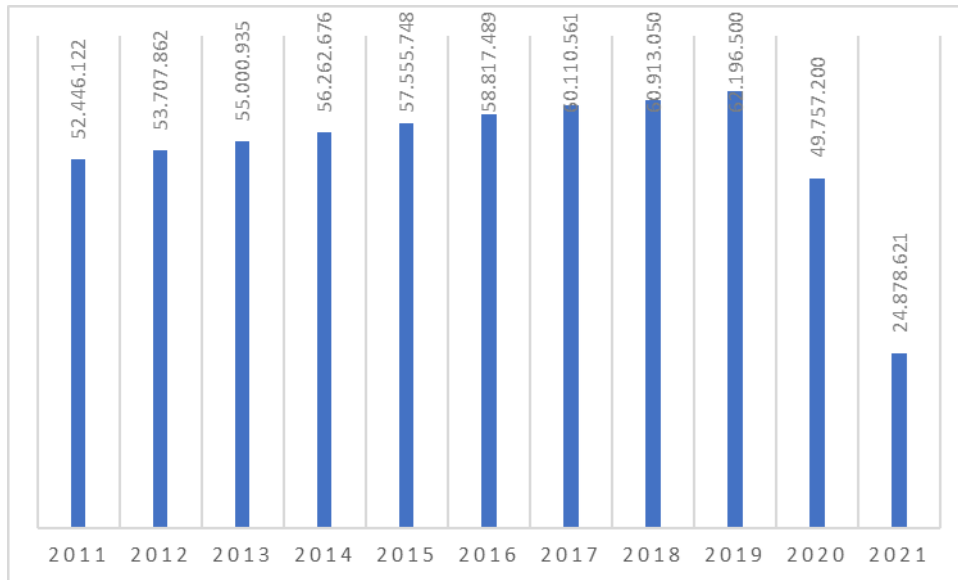


Figure 1.1 : Number of family businesses in Indonesia before and during COVID-19 pandemic

Source: Ministry of Cooperatives and SMEs of the Republic of Indonesia and Statistics Indonesia.

According to McKenzie's study (2021), family businesses dominate 60% of the private sector, indicating that they play a significant role in aiding the government in resolving social and economic issues. According to the National Statistical Agency (BPS) for 2021, Indonesia has 27,354,174 family-owned businesses, or 90.95 percent of all businesses. According to research by PwC Waterhouse Cooper Indonesia (PwC, 2019), more than 95% of firms in Indonesia are family-owned and operated, and these businesses account for 25% of the nation's Gross Domestic Product (GDP).

It is crucial for family businesses to strive for sustainability given that they are to be passed down to the next generations. The concept of sustainability for companies has changed ever since the Covid-19 pandemic. Sustainability during Covid-19 pandemic led to the concept of viability, referring to self-maintaining and survival ability in a long-term changing environment through redesigning the structures and re-planning the economic performance with long-term impacts (Ivanov, 2021).

However, enhancing sustainability is even more difficult for family businesses (Bouwman et al., 2019) as their culture and status quo are very rigid and hard to change (Yukselen and Yildiz, 2014). In this context, it is crucial for family businesses to find a way to keep sustainable in the volatile and highly unpredictable environment. Furthermore, several studies also recommend strategies to survive the COVID-19 pandemic. A survey conducted by Klynveld Peat Marwick Goerdeler (KPMG) emphasizes that family businesses need to generate revenue to increase their sustainability. Therefore, manually operating family businesses must courageously advance their technology (Calabrò and McGinness, 2021). KPMG also suggests the need for family businesses to increase their resilience during the COVID-19 pandemic, through the following efforts: 1) social responsibility, since the pandemic influences the family business community, 2) business transformation, family businesses need to develop new business models using their existing resources in order to adapt to business changes due to COVID-19 pandemic, and 3) patience, the COVID-19 pandemic conditions give family businesses the opportunity to prepare their future competitiveness through evaluating and redesigning their strategic measures (Calabrò and McGinness, 2021).

A research in Europe explains five stages that family businesses need to do to deal with the COVID-19 pandemic crisis, as follows: 1) safeguarding liquidity, 2) safeguarding operations, 3) safeguarding communication, 4) business models, and 5) cultural change (Kraus et al., 2020). Another study explains strategies that family businesses need to adopt in order to maintain their viability during the COVID-19 pandemic, as follows: 1) Exit/Retrenchment strategy, 2) Perseverance strategy, 3) Divestment strategy, and 4) Innovation strategy (Jayakumar and De Massis, 2020).

The discussion above highlights the importance for family businesses to make more efforts to enhance their sustainability during the COVID-19 pandemic for their survival.

Family businesses can develop new business models that are adaptive to the existing changes (Englisch and Ambrosini, 2020; Leal Filho et al., 2021). Family businesses must also strengthen their relationships with communities and transform to survive the COVID-19 pandemic (Halimatussadiyah et al., 2020; Jayakumar and De Massis, 2020). Furthermore, based on the analysis above, changing to technology-based business model by prioritizing community development is one of the options to solve problems in enhancing the sustainability of family business. Having business model changed means integrating technology, management, organization and community.

Online business model is one of the expected new business models for family businesses to enhance sustainability. Online business model has been investigated and recommended by previous studies for use in various kinds of company (Ang and Husain, 2015; Olayinka et al., 2016; Osterwalder et al., 2005; Putra and Hasibuan, 2015). Theory on online business model is divided into two concepts: first, the theoretical concepts of online business that explains the element of e-business (Timmers, 1998; Abdollahi, 2011; Mardiana et al., 2015): and second, related to value-chain activities in online business (Osterwalder et al., 2005; Durbhakula et al., 2011; Ketonen, Jussila, 2016; Vargas-hernández, 2016; Mej, 2018; Putra and Hasibuan, 2018).

In several theories on online business model, there are theoretical concepts of Community-based online business model. Timmer (1998) defines the importance of community as the base of an integrated system in online business model (Timmers, 1998). Meanwhile, Rappa (2001) defines one of the business models, the web community model, which is based on community members' loyalty (Abdollahi, 2011). Leimeister and Sidiras (2004) define community business model as an external framework, the actor, product and service, revenue and strategy (Leimeister, 2004). Wolf and Troxle (2016) divide community business model into several parts of business: participation in online brokerage and sales

platform, direct sale, customization for customer and research and education activities (Wolf and Troxler, 2016b).

Community-based online business model is recommended to enhance the sustainability of family business. There are weaknesses in the theory of Community-based online business model. There are also inconsistencies in the analyses on the community in online business model theories due to lack of clear definition of community based online business (Timmers, 1998). These inconsistencies are derived from the different corporate business processes (Leimeister, 2004; Wolf and Troxler, 2016b). The Community-based online business model is defined generally, instead of specifically (Osterwalder et al., 2005). Therefore, it is necessary to investigate the application of online community business model in a family business to enhance its sustainability.

## **1.2. Research Problem**

Currently, sustainability of family business is threatened due to the Covid-19 pandemic and other environmental changes. In response to the phenomena, previous studies (Halimatussadiyah et al., 2020; Rume and Islam, 2020; Leal Filho et al., 2021) argue that family businesses' conventional practices are no longer relevant; hence, they need to change to new practices in order to be sustainable. More specifically, it is crucial for family businesses to find a new form of business model that is consistent with the changes in the external environment and the characteristics of the family businesses. Therefore, there is a need to propose a new business model for family businesses that may enhances their sustainability.

Online business model is recommended for family business. Taking account of family business's characteristics, a community-based online business model or online community business model can be a choice. However, online community business model

has various inconsistencies due to lack of definition, resulting in differences in the model's attributes (Leimeister, 2004; Osterwalder, 2002; Timmers, 1998; Wolf and Troxler, 2016). Business changes have been proven in several countries to enhance sustainability for family companies. Surveys conducted in several countries after the Covid 19 pandemic, such as in Malaysia, show that family businesses survive with a business model that combines strategic and management planning, family governance, and financial and estate planning (Zaini, 2022). In America and Columbia, family businesses can survive with an adaptive new business model consisting of strategy, strategic renewal, and appropriation capacity (González, 2021).

The results of other studies explain that family businesses can survive the COVID-19 pandemic with a business model that combines the retrenchment strategy, the perversion strategy, the divestment strategy, and the innovation strategy (Jayakumar and De Massis, 2020). In reliance on covid 19, changing the community and connection-based business model is a successful strategy (Breton-miller and Miller, 2020).

Other research states that the success factors that have caused family businesses to survive in the era of the COVID-19 pandemic are business models based on values and a sense of belonging, trust, commitment to the organization, and strong ties with employees (Capolupo , 2023).

The difference in business processes is the cause of the different attributes of online community business model. Previous research (Blohm and Leimeister, 2011; Leimeister, 2004; Pechuán et al., 2014; Timmers, 1998; Wolf and Troxler, 2016) has limited knowledge about the attributes of online community business model, thus the research question in this study is: what attributes of online community business model are capable of enhancing the sustainability of family business?