

Mapping the Intergeneration Family Business Potential of SMEs in Sustainable Urban Agriculture Communities



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ABSTRACT: Surabaya as a metropolis city faces challenges in building a smart city, which synergizes sustainability. One of which is by understanding the intergeneration family business potentials in SMEs as one of the support systems of the city economy. This research is phenomenological research by collecting data in the urban agricultural community. The subjects were 193 SMEs in the urban agricultural community. Data was collected through questionnaires which were used to map intergeneration family business potentials. Research shows that the highest potential showed on women graduated from senior high school. Here proved by their experiences in conducting start-up business for 1 to 5 years. The business type was food industry which mostly employed family members. The business would be inherited by their children and later managed by the women of the family (wives).

KEYWORDS: intergeneration family business, SMEs, Sustainable urban agricultural community

I. INTRODUCTION

(Every metropolis city faces the problem of structuring society, including in developed countries such as Japan and America (Winarsih, 2018). In several previous articles J. T. Surabaya (n.d.) and B. P. L. H. K. Surabaya (2006) stated that in Surabaya, one of the main problems is flooding and garbage, while from an economic standpoint, the problem faced is the growth of SMEs (UKM, 2020; Surjanti et al., 2020). Surjanti et al., (2020) found that economic problems regarding SMEs in urban areas are often related to decreased product demand, capital difficulties, raw material difficulties, and distribution barriers. In addition, Surjanti et al., (2021) in another study found that sustainable business development has not been measured in culinary SMEs, so it is still difficult to predict the level of potential that exists. Budhiputra & Putra (2016), UKM (2020), Surjanti et al. (2020), Chen (2020) suggest smart cities as a solution to improve the quality of life and solve urban problems through community participation in development. The same thing was conveyed by Tommasetti et al. (2018) which states that an important key to maintaining market share is through sustainability. Bian et al. (2018) suggest utilizing suburban agricultural land as a solution to provide a variety of ecological services in suburban areas. This opinion supports the research conducted by Allaby et al. (2021) regarding the problems of actors in the local food system in urban areas. These opinions support the importance of urban agricultural communities. Fauzi et al. (2016) which states that the low level of community participation, lack of land, and not optimal government support are the inhibiting factors in the development of urban agriculture in Indonesia. In response to this, Shin & Lee (2016) stated that the involvement of students as part of the planning, implementation, and development of urban agricultural communities will help in overcoming existing problems. This opinion is supported by Julian & Paramita (2017) who found in their research that the Japanese government's solution to social and environmental problems was through the integration of social, environmental and economic aspects. This is also a highlight of the need for urban agricultural communities as one of the driving factors that support the provision of food sources in urban areas.

Inter-generational family business mapping (BPS, 2019) is a map that can be used to see an overview of the distribution and possibilities for business development. One of the important functions of this map is to predict future demographics so that it can be a reference in designing good economic policies by looking at business opportunities that can increase the pace of the people's economy. From several previous studies, results were obtained which stated that women (Surjanti et al., 2020) and young people (Hung, 2004) have a major role in the development of sustainable businesses and the local economy. This opinion is supported by Pattin (n.d.) and Julian & Paramita (2017) who state that there is an integral role that can be played by youth as agents of change in building a sustainable community. Carbone et al. (2016) and Shin & Lee (2016) also mention that the involvement of urban agricultural communities and educational institutions can overcome the emergence of social problems,

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regeneration and sustainable work processes. The existence of this demographic map can be used as a supporting tool to create solutions to problems that arise in urban areas. This opinion is in line with Gilioli et al. (2014) who agree that continuous monitoring and assessment can efficiently move a socio-ecological system towards a socially acceptable standard of living. This supports the opinion put forward by Mmbengwa et al. (2013) regarding the importance of understanding the key success factors to ensure sustainability for the organization. Jamaludin (2017) states that the city is an organization that is created from the results of creativity, taste, intention, and the most complicated work of humans throughout civilization. A city can be said to be a densely populated place inhabited by heterogeneous (diverse) people. Demographically, a city is a certain area that has groupings of people or residents in a certain size with various common procedures.

Based on previous studies, demographic mapping is often used as a reference for predicting the direction of community development and even the pace of the economy. However, these studies rarely discuss how this demographic map can also be used as a means to see potential intergenerational effort that is seen especially for SMEs. Therefore, this research was conducted by mapping the potential of urban agricultural communities, especially related to intergenerational business potential. The implication of this research is to make the results of this research a reference for policy makers in order to be able to design appropriate policies so that they can encourage the potential of family-based SMEs to be better and can become a driving force for the local economy.

II. LITERATURE REVIEW

A. Urban Agriculture Community

Romero & Harris (2019) claim that food produced outside the company system can improve people's welfare. From these claims, several questions arise, such as how do members of the alternative food movement define "community"? And who is included and excluded from this definition? Answering these questions, Romero & Harris (2019) define this community as a response that arises from a pressure of need (threat), so that individuals will be interested in forming groups in response to this threat. Urban farming communities according to Fauzi et al. (2016) are groups or communities formed from urban communities to optimize the use of land and natural resources in cities by using appropriate technology to bring food access closer and maintain environmental sustainability with green open spaces. The practice of urban agricultural communities can be seen from economic, ecological, social, aesthetic, educational and tourism aspects. In line with this opinion, Gusfarina & Irham (2019) stated that urban agriculture continues to develop in relation to environmental, economic, health and social issues in the field of environmentally friendly multifunctional agricultural practices as a supplier of healthy food for families, as a place for recreation and a place for socializing and self-development so that spare time becomes more productive.

Moreover, Whittinghill & Sarr (2021) state that as urban populations increase, there is a growing interest in developing innovative technologies, sustainable urban farming practices, policy measures, and other strategies to overcome key constraints in urban agriculture that impede improvements in food security and urban livelihoods. This was supported by Likitswat (2021) who states that although growing food in cities is quite challenging, it is possibly done world widely. Urban farming practices require special knowledge depending on the location and limited availability of land or space in a city. Under tropical climate conditions, despite the extensive growing season, there is an investment and business model of urban greenhouse agriculture within the city limits. Interestingly from the opinions mentioned above, the Urban Agricultural Society can be interpreted as a community of people who manage their environment through the Reduce, Reuse, Recycle or 3R environmental program and tackle flooding (Winarsih, 2018) as well as to fulfil their own food needs (Urban, n.d.). In terms of understanding, urban agricultural communities are agricultural activities carried out in urban areas that are carried out by utilizing narrow urban land for agricultural activities. The existence of urban agriculture made it possible to grow, harvest and distribute food from urban areas. Thus, urban agriculture can meet food needs in urban areas, and can increase the income of urban farmers. This is in accordance with one of the goals of urban agriculture, namely meeting food needs with local food production.

The Organization for Economic Co-operation and Development (OECD) found that women's participation in the labor market tends to develop more in sectors traditionally dominated by women, such as small and medium enterprises, health, education and social services (Observing the Role of Women in the Future of Work in Indonesia, 2020). In addition, Surjanti et al. (2020) mentioned that women are able to grow eco-feminism in sustainable business. Hence, these conditions indicate a meeting of interests in urban agriculture, saving the environment, and economic empowerment (Winarsih, 2018). Similarly, other studies found that urban agriculture community are mostly managed by women aged ≥ 40 years so they have limited mastery of technology (Kumpanan, 2018; UKM, 2020; Surjanti et al., 2020).

B. Inter-generation family business

According to Breton-miller & Miller (2018), family business is the main driver of growth which can have socio-economic consequences. Gottschall & Woods (2020) found an important point about the importance of moderating the level of family

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human capital. Similarly, Chrisman et al. (2010) stated that family businesses often have family-centered non-economic goals that can influence company behavior. This opinion supports Basly & Saunier (2020) who found that every family SME pursues socio-emotional goals. These opinions are in line with the findings of Upton et al. (2001) who suggested that the accelerated growth of family businesses is in line with their business practices and strategic planning. Ramalho et al. (2018) found that in metropolitan areas family ownership influences decisions positively, but outside metropolitan areas, there is no clear effect on family ownership. Stavrou et al. (2005) found transitional success was determined by the leader's personality and corporate culture. Family businesses that put more emphasis on the family and the business as a whole have better family outcomes and similar business results when compared to companies that limit governance to just the business, within a company it is important to pay equal attention to managing the subsystems is an effective route for company management family (Basco, 2009).

Family Enterprise Matters (2019) defines companies whose majority ownership is held by members of the same family, by explaining the role of the first generation of entrepreneurs who tend to identify companies as family companies. Maria et al. (2013) found that family firms make fewer innovation efforts and are less likely to turn to external sources of innovation—such as technological collaboration—than non-family firms. Finally, family firms are more likely to achieve incremental than radical innovation. Regarding inter-generational business, the thing that is most needed is digitalization, such as research conducted by Ferraro & Cristiano (2021) which states that family businesses pursue a dual goal, namely to explore possible scenarios for the evolution of family businesses in the digitalization era, highlighting their roles and objectives and to determine assessment approaches that can be applied to them. According to Benesik, Csikos, and Juhes in BPS (2019), the difference in generations is drawn from the year of birth. Accordingly, they divide generations into several groups, including: Veterans Generation (1925-1946), Baby boom Generation (1946-1960), Generation X (1960-1980), Generation Y (1980-1995), Generation Z (1995-2010), and Generation Alpha (2010+). Meanwhile, in her research Adiawaty (2019) found a positive meaning in the generation Y (Gen Y) as the millennial generation who have a view of their self-development who do not only pursue satisfaction but also self-development. Yet, Azzaini (2022) mentions each generation has its own uniqueness, strengths and characteristics that stand out and require good management to prevent the emergence of "generation tension" which can damage team performance.

III. METHOD

This research is qualitative phenomenological research with a descriptive qualitative approach. Data were collected by questionnaire, observation, and interviews. Data analysis techniques were done by data reduction, presentation, interpretation, and conclusion. The subjects of this research were 220 individuals who were included in Urban Agriculture Community Jambangan located in Surabaya, Indonesia. However, of 220 obtained data, only 193 were feasible and met the criteria for the research analysis. The research object was a mapping potential of an inter-generational family business of SMEs in urban agriculture communities. Data were excluded/ removed from as many as 27 questionnaires from respondents because they did not meet the standards/measures as the respondents were observed with incomplete criteria. Furthermore, the data is processed using percentages to be able to observe trends in phenomena that exist in the community in order to observe the potential of it.

IV. RESULT AND DISCUSSION

The results from 193 SMEs in Urban Agriculture Community (UAC) Jambangan District were later divided into several criteria, namely: subject description (Table 1), Business Background (Table 2), and Business Management (Table 3). Each description had several items which used to explain the data obtained.

TABLE 1. INDIVIDUAL BACKGROUND

No.	Description	Total	
		N	Percentage
1	Sex		
	Female	163	84.46%
	Male	30	15.54%
2	Education Background		
	Elementary School	17	8.81%
	Junior High School	22	11.40%
	Senior High School	116	60.10%

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	Diploma	2	1.04%
	Undergraduate Program	35	18.13%
	- No information	1	0.52%
3	Working Experience		
	with work experience	91	47.15%
	without work experience	100	51.81%
	no information	2	1.04%
4	Start-up Business Duration		
	less than 1 year	114	59.07%
	1 to 5 years	42	21.76%
	5 to 10 years	23	11.92%
	no information	10	5.18%

The Surabaya UAC was dominated by women as much as 84.46% who had an education background mostly at the high school level (60.10%). These subjects had no experience (51.81%) and had business duration from 1 to five years (59.07%). These conditions indicate that the potential for SMEs in this UAC was owed by women, with high school education, without work experience, and with 1 to 5 years of business duration. These conditions can be used as a consideration in SME development policies for UAC.

TABLE 2. BUSINESS BACKGROUND

No.	Description	Total	
		N	Percentage
1	Type of Business		
	Processed food	113	58.55%
	Fast food	62	32.12%
	Frozen food	4	2.07%
	Unspecific	5	2.59%
	Processed and fast foods	4	2.07%
	Processed and frozen foods	2	1.04%
	No information	3	1.55%
2	Working on Food Industry		
	Business owner	187	96.89%
	Business manager	6	3.11%
	No business	0	0.00%
	No information	0	0.00%
3	Number of employees		
	0	81	41.97%
	1 - 5 persons	93	48.19%
	more than 5 persons	4	2.07%
	more than 100 persons	1	0.52%
	No information	14	7.25%
4	Partnership		
	No partner (individual)	74	38.34%
	Children	43	22.28%
	Husband (spouse)	38	19.69%
	Family (spouse & children)	5	2.59%
	Relative	21	10.88%
	Friends	12	6.22%
	No information	0	0.00%

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From the data above, it can be seen that the business types are dominated by the processed food business (58.55%). Moreover, of the data obtained, it can be seen that 96.89% business industry was related to processed food (including those who had business in both processed and fast foods). These businesses employed people other than the owner/manager (48.19%) and only 38.34% were managed by the owner. In addition, 44.56% of the business involves family members (spouses and children). So the potential map in the business activities drawn was the popular business in the food industry which involved family members and had employees. Accordingly, from the intergenerational involvement point of view, it can be seen that children's involvement (22.28%) was higher than spouses' involvement (19.69%), meaning that the involvement of family members is considered low (weak). However, this result differed from the smart city expected by Budhiputra & Putra (2016), UKM (2020), Surjanti et al. (2020), and Chen (2020) about the standard of smart city.

TABLE 3. BUSINESS MANAGEMENT

No.	Description	Total	
		N	Percentage
1	Position in business		
	Manager and owner	166	86.01%
	Manager	18	9.33%
	Owner	6	3.11%
	No information	3	1.55%
2	Position in Family		
	Head of family	35	18.13%
	Wife	148	76.68%
	Child	10	5.18%
3	Intergeneration relationship		
	Gen Baby Boom	26	13.47%
	Gen X	98	50.78%
	Gen Y	55	28.50%
	Gen Z	9	4.66%
	No information	5	2.59%

An overview of the management of family businesses built from SMEs in UAC showed that the majority of SMEs are managed by their owners (86.01%) who were housewives (76.68%) as well as grouped as Gen X (50.78%), Gen Y (28.50%), and Gen Z (4.66%). This result showed the existence of a generational shift in all generation groups in the management of SMEs in UAC indicated by the existence of subjects in each generation (from Z to X).

V. CONCLUSION

The result of this research showed the map of the potential of SMEs at Surabaya UAC in Surabaya as managed by women with a high school education level, without experience, with start-up businesses duration from 1-5 years, working on the food industry, with employees, and family members' involvement (spouses and children), privately owned business, managed by housewives and transferred intergeneration. Accordingly, from this map, it is recommended to the government design policies on the smart city which structures should be directed at activities that are able to improve community experience in women's groups, especially women by involving the interests of generational transfer for the benefit of sustainable business development.

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