The Winners, 23(2), September 2022, 189-198
DOI: 10.21512/tw.v23i2.8184

P-ISSN: 1412-1212
E-ISSN: 2541-2388

The Social Capital in Family Firms: Impacts on Family-Longevity-Goals and Performances

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Received: 09th February 2022/ **Revised:** 14th April 2022/ **Accepted:** 19th April 2022

How to Cite: Kurniawan, D., Ardyan, E., Istiatin., & Luhgianto. (2022). The social capital in family firms: Impacts on family-longevity-goals and performances. *The Winners, 23*(2), 189-198. https://doi.org/10.21512/tw.v23i2.8184

Abstract **-** The research was motivated to examine the impact of family, specifically in social capital on firm performances during the COVID-19 pandemic. The research applied a quantitative approach analysed by both descriptive and inferential statistics by obtaining questionnaires from using a Likert scale to create a whole picture of the social capital dimensions of 89 family firms and their family longevity goals (FLG) as well as their firm performances (FP). The research finds that social capital dimensions have a significant and positive impact on both family longevity goals and firm performance. Moreover, it is found that family longevity goals mediate the positive relationship between social capital dimensions and firm performances. It is also revealed that the impact of social capital dimensions is stronger in firms controlled by the second generation. It is suggested that future research include the external side of the social capital to have further understanding on its impact towards the performance of family business.

Keywords: family firms, social capital, social capital dimensions, family longevity goals, firm performances

I. INTRODUCTION

The family business has dominated the world economy and played an important role in developing nations' economics. According to the Family Firm Institute's most recent statistics, family businesses account for two-thirds of all businesses worldwide, generate 70-90% of annual global GDP, and create 50-80% of jobs in the majority of countries (De Massis et al., 2018). Osunde (2017) also state that the total economic impact of family businesses on global GDP is over 70%. Robertsson (2021) states that the top 500 family businesses produce $7,28 trillion in revenue and recruit 24,1 million people. They make up the world's third-largest economic contribution by revenue proving the strength of family firms in the global economy.

In Indonesia, family businesses also have important roles in the whole nation's economics. According to Ng et al. (2021), family businesses account for 75% of the business sector in Indonesia. Furthermore, the total economic impact of family businesses on Indonesian GDP is 25%. Some Indonesian family firms have already been famous for wealth such as Sampoerna, Indofood, Djarum, and Bakrie Group. Sampoerna is the biggest cigarettes company in Indonesia, has been conducting its business activities in Indonesia for more than a century (has been passed down in three generations), and has great impact on Indonesian economically or socially even during the COVID-19 pandemic (Afriyadi, 2021; Widiarini, 2020).

On the other side, COVID-19 pandemic has impacted a lot of family business negatively. According to KPMG, a global accounting organization, 69% of family firms were experiencing revenue decrease ("The impact of COVID-19", 2021). Another source from BanyanGlobal Survey also states that the COVID-19 pandemic had negatively affected 82% of the family firms, and about half of them states that the impact was substantial (Hannon, 2020). The COVID-19 pandemic has also created serious challenges for companies, making retirement and succession planning even more difficult ("Family business model", 2020). Hence, there is a need to conduct research on family business'

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sustainability amidst COVID-19 pandemic.

Speaking about its uniqueness, family business has the existence of social capital ideas that differentiates them from non-family firms. Social capital is built from strong trust and shared values which can be unique to familial relationships and naturally exist in family businesses. Due to its inherent existence, social capital can blur the partition between professional and personal matters thus worsening the family problems during business activities (Clarfeld, 2019). Based on these facts there is a need to control or manage relationships between families so it will not worsen business activities.

The research aims to explore the impact of family members' relationships on family businesses' firm performances based on social capital concepts. Ahmad et al. (2020) demonstrate a significant influence of family involvement in business on the long-term viability of family firms. Löhde, Calabrò, and Torchia (2020) also state that family relationships and involvement also increase the chance of success in succession plans. Based on these results, it can be concluded that family involvement, firm performance, and succession have been the center of family business research.

Family members have important roles in developing their firm performance due to its ownership and involvement in developing the companies. The statement is in line with social capital ideas. Some research supports the impact of social capital on firm performances. Schmid and Sender (2021) state that organizational social capital has a significant impact on firm performances with higher nepotism. It means that the better the relationship between families will increase the impact of social capital on family performance. A similar result also came from Ahmad et al. (2020) who state that family involvement in the business has a positive impact on board processes and strategy which also enhance firm performances and in the end significantly impact its sustainable longevity.

The similarity of those researches is family involvement or governance did not impact firm performance directly. Some mediating factors like relationship, culture, innovation, and strategy act as intermediaries between family involvement and firm performance. However, Mani (2015) states that some of the variables in family involvement can directly impact firm performances. Lee and Chu (2017) also have stated that when family ownership is combined with active family management and control, it will strengthen the positive effect of entrepreneurial orientation on firm performance.

Another intermediary factor that mediates the impact of the family effect on firm performance is family longevity goals. Soluk et al. (2021) has stated that one of the key determinants of business outcomes is unique goals. Pieper et al. (2018) also state that family longevity goals (FLG) impacts strategy, family, and organization behaviour. Kim & Gao (2013) point out that FIM (family involvement in management) has no direct effect on performance, but a firm's family longevity goals positively moderate the relationship between FIM and performance.

Besides the need of more research on family business' sustainability amid COVID-19 pandemic, the differences in the research's results between the direct and indirect impact of the family member on firm performances also becomes the research gap in the research. By knowing the current research gap, the research aims to analyze whether family member (based on social capital ideas) has a direct or indirect impact on firm performances. The research uses social capital ideas as a foundation for building the concept of family members' impact due to its uniqueness in the family business. The research also uses family longevity goals (FLG) as mediating effect between social capital and firm performances due to its new concepts and its impact on firm performances.

The research applies a quantitative approach and the result is analyzed by both descriptive and inferential statistics. According to Wilcox (2017), the main goal of descriptive statistics is summarizing data in a manner that helps convey some of its important properties in a relatively simple manner. Through descriptive statistics, the results of the research can be summarized without trying to generalize to a larger population of individuals (George & Mallery, 2018). Based on these facts, the research used descriptive statistics to provide a bigger picture of the sample population such as family firms' characteristics and its performances especially in comparing the firm performance of the family business based on the generations who lead the firms (1^{st}, 2^{nd}, 3^{rd} … generation).

The research also uses inferential statistics to test the impact between variables. Generally speaking, inferential techniques are methods for predicting or generalizing a population or things where it is possible to measure not all persons or things (Wilcox, 2017). George and Mallery (2018) state that the main purpose of inferential statistics is to explore relationships between variables. The main purpose of the research is to explore the impact of family members based on the social capital idea to family longevity goals and its firm performances. In line with this main purpose, inferential statistics is used to analyse the impacts between variables in the research.

The main finding of the research is social capital dimensions are beneficially impacted family longevity goals and its firm performances. It indicates that family firms should build their social capital dimensions to develop their unique long-term goals so it can increase the family firm's performance.

II. METHODS

The research does not only present the applied methods but also provides the literature reviews and propose hypothesis. Wiliams Jr et al. (2018) have stated that family firms have idiosyncratic or unique resources which differ them from the non-family business. Those idiosyncratic resources include human capital, social capital, financial capital, and physical capital (Mani, 2015). Clarfeld (2019) state that the idea of social capital is the main key that makes family firms unique compared to other kinds of business. Social capital is built from strong trust and shared values which can be unique to familial relationships and naturally exist in family businesses. Due to its inherent existence, social capital can blur the partition between professional and personal matters thus worsening the family problems during business activities (Clarfeld, 2019).

Generally, family social capital consists of three dimensions which are structural, relational, and cognitive dimensions (Nordin et al., 2020). The structural dimension (SD) refers to the patterns and strength of ties within the members of a group. This dimension represents resources that facilitate the interaction and communication of information. The cognitive dimension represents the family's shared vision and purpose. The relational dimension includes the resources which are created from personal relationships such as trust, norms and obligations, and identification (Mani, 2015).

Next is about family social capital and family longevity goals. As owning families have idiosyncratic norms and values compared with non-family businesses, those differences enhance their goal heterogeneity (Casprini et al., 2017). Wiliams Jr et al. (2018) state the family business goal antecedents are family presence, the role of individual family members, founder influence and leadership, family history and culture, organizational identity, succession intentions, and national culture and ethnicity. Those antecedents are in line with social capital ideas regarding idiosyncratic resources in which every family has its uniqueness to its history and individual characteristics.

Since every member of family firms has their uniqueness, if they have stronger relationships with each other, it will result in higher family longevity goals because the family has succeeded in reconciling the differences and creating long-term common goals. The statement is supported by Kim and Gao (2013) pointing out that FLGs can be created by a sense of shared identity and connections among family members and encourage them to be very loyal and committed to the organizations.

In the research, the family members' concept is defined based on social capital ideas which have three dimensions: structural, relational, and cognitive dimensions. Tasavori et al. (2018) also state that social capital contributes to the expansion of shared understandings of firm strategies. In line with the arguments, research result, and social capital ideas, the hypothesis are proposed:

H_1: Higher structural dimension will increase family longevity goals

H_2: Higher relational dimension will increase family longevity goals

H_3: Higher cognitive dimension will increase family longevity goals

Regarding family social capital and firm performance, Mani (2015) states that there is a direct and positive impact of structural and relational dimensions toward family firm performance. Tasavori et al. (2018) also add that internal social capital has a significant effect on firm performances and even can bring family firms to a better international firm performance although it is not the only source. The other important source which might impact firm performances is external social capital. Sanchez-Ruiz et al. (2019) also point out that family social capital can build competitive advantage by leveraging company capabilities thus resulting in better firm performances.

From the structural dimension's perspective, Schmid and Sender (2021) show that strong interactions between family members tend to significantly enhance family business performance satisfaction. Other pieces of research also state that relationship ties or tie strength between families will increase organizational performance in terms of innovation and growth (Ng et al., 2019; Sanchez-Famoso et al., 2019; Tasavori et al., 2018). The structural dimension (SD) of family firms which is based on social capital idea refers to the patterns and strength of relationships among group members.

From the relational dimension, Herrero and Hughes (2019) state that there is a positive significant impact of relational dimension toward firm performances. The relational dimension includes the resources created by personal connections such as trust, standards, duties, and identity among family members (Mani, 2015). In line with the result of previous studies, hypothesis are proposed:

H_4: Higher structural dimension has a positive and direct effect on family firm performance

H_5: Higher relational dimension has a positive and direct effect on family firm performance

Although previous research has stated that structural and relational dimensions have a direct and positive impact on firm performances, Mani (2015) point out that the cognitive dimension does not have a significant impact on non-financial firm performances while it has a positive significant impact on financial firm performances. On the other side, it is stated that the cognitive dimension has a positive significant impact on firm performances (Herrero & Mathew Hughes, 2019).

The cognitive aspect refers to, "Resources that give shared meaning, vision, and purpose to family members" (Sanchez-Ruiz et al., 2019). The dimension is strongly integrated into the history of the family, which may help family members to achieve the objectives of their business and deliver better performance on their joint values, shared beliefs, vision, and purpose (Schmid & Sender, 2021). Thus, social capital's cognitive dimension is designed to achieve the objectives of the family business and improve its performance. In line with these statements, the hypothesis is formed:

H_6: Higher cognitive dimension has a positive and direct effect on family firm performance

Family longevity goals influences how family managers behave and may be responsible for the inconsistent impacts of FIM on business performance in family firms (Kim & Gao, 2013). As previously mentioned, family longevity goals are the key determinants of outcomes such as the continuation of family involvement, firm survival and renewal, and financial performance. Consistently, the hypothesis is proposed:
H_7: Family longevity goals increased firm performance

Kim and Gao (2013) state that family does not have a direct impact on firm performances. The absence of direct effect is also supported in previous studies (Ahmad et al., 2020; Lee & Chu, 2017). Since family longevity goals is the main driver of family businesses' outcomes, the hypothesis is proposed:
H_8: Family longevity goals mediates the effect of family social capital toward firm performances.

The concept of generation is always related to family businesses since family firms should pass the companies to the next generation in maintaining their sustainability. However, every generation has its characteristics in leading the companies due to surrounding differences and changes. Differences could be created in the financing strategies used during the financial crisis by family businesses of first-generation and multigeneration. On average, first-generation companies have typically fewer shareholders than multi-generational family enterprises. Arrondo-García et al. (2016) state that family companies of first-generation grew more and significantly increased the debt ratios during the global financial crisis than several family-owned companies.

Moreover, first generations might have the strongest strategy implementation and performances because first-generation firms benefited the most from strategic planning and succession planning (Fang et al., 2018; Sreih et al., 2019). In line with these findings, the research compares the results from the research model based on the generations involved in management. To produce a complete comparison result, the research conducts a comparative analysis. With this additional analysis, the research is hoped to provide more comprehensive data for family firms in conducting their business based on the generations involved in companies. Based on the findings of the previous results, our hypothesis for comparative analysis is
H_9: Social capital dimensions in first generation family firms will have more impact on family longevity goals and firm performances.

Based on the theoretical background and hypothesis, the research model is created and shown in Figure 1.

The research examines the family social capital dimensions (structural, relational, cognitive), longevity goals, and the performances of 99 family firms in East Java of Indonesia through an online survey to test the proposed hypothesis. Among the 99 family firms, 58 of them are controlled by the first generation, while the other 41 are by its second generation. The research uses simple random sampling to take a sample from the population of family firms that are owned by the family of Ciputra University Surabaya's students. The research is conducted on April 2021 which is around one year of COVID-19 pandemic.

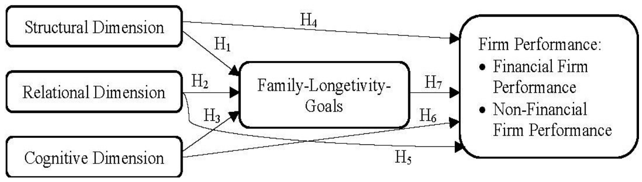

Figure 1 Research Model

COVID-19 Pandemic has nationally disrupted the economic situation of Indonesia. During the battle against the COVID-19 pandemic for more than one year, the economic situation in Indonesia becomes increasingly uncertain. Librianty (2021) states that COVID-19 has an impact on export-import performance, poverty rates, inflation, the rupiah exchange rate, and the performance of the Composite Stock Price Index (IHSG). Eventually, Indonesia's economic growth is forced into a recession due to minus growth.

With these situations, the research examines how family firms perform their business activities and the difference between generations who controlled the business during this period of the pandemic. This is due to statement by Arrondo-García et al. (2016) who stated that during the particularly deep crisis in Spain (2006-2011), unlisted and large Spanish firms (6.315) have demonstrated that family firms of the first generation grew and increased their debt ratios considerably throughout several generations in the context of the global financial crisis more than multi-generational family firms. In short, the result shows that first-generation has a better firm performance than multi-generational family firms.

To gather the information about these variables from the 89 research subjects, the research uses a questionnaire with a Likert scale to create a whole picture on the social capital dimensions of 89 family firms and their family longevity goals (FLG) as well as their performances (FP). The scale items which are used in the research are listed (Kim & Gao, 2013; Mani, 2015; Tseng & Lee, 2012).

Once the responses are gathered, they will be analyzed by using PLS-SEM to examine the effect of social capital dimensions toward FLG and FP. To know the extent of independent variables' effect on dependent variables, the research uses path coefficient value and R-square. According to Hair et al. (2017) path coefficients are estimated path relationships in

Table 1 Scale Item

Variables	Items
Structural Dimensions (SD)	• Family members who work in this firm engage in honest communication with one another • Family members who work in this firm have no hidden agendas • Family members who work in this firm willingly share information • Family members who work in this firm take advantage of their family relationships to share information
Relational Dimensions (RD)	• Family members who work in this firm have confidence in one another • Family members who work in this firm show a great deal of integrity with each other • Overall, family members who work in this firm trust each other • Family members who work in this firm are usually considerate of each other's feelings
Cognitive Dimensions (CD)	• There is a common purpose shared among family members who work in this firm • Family members who work in this firm view themselves as partners in charting the firm's direction • Family members who work in this firm share the same vision for the future of this firm
Family Longevity Goals (FLG)	Indicate the extent to which your firm supports each of the following goals, with '1' denoting 'nil/very little' and '5' denoting 'very highly'. • Family's financial security • Family's longevity
Firm Performances (FP)	Financial Firm Performance • Our sales amount is very high • Our profit rate is very high • Our revenue is very high • Our return on investment is very high

the structural model (i.e., between the constructs in the model). While R-squared values are the amount of explained variance of endogenous latent variables in the structural model. Higher R-squared values leads to better explanation of construct by the latent variables in the structural model via structural model path relationships. Moreover, high R-squared values indicate that the values of the construct can be well-predicted via the PLS path model.

The accepted value for path coefficients is above 0,3. The value which is in the range of 0,3-0,49 indicates a moderate correlation, while a value above 0,5 indicates a strong correlation. For R-squared, the value of 0,25 indicates weak effect, 0,5 indicates moderate effect, and 0,75 indicates strong effect (Hair et al., 2017). The research also tests seven hypothesis using P-values, regarding the impact of included variables. P-values can be used to test the significance of the tested hypothesis. The hypothesis will be significant if the P-values are below 0,05.

III. RESULTS AND DISCUSSIONS

It is considered important to test the validity and reliability of the questionnaire before analyzing the result. In PLS-SEM, there is a need to do an indicator and composite reliability to assess the internal consistency reliability. To test indicator reliability, the research uses outer loadings, where its value should be higher than 0,70 (Hair et al., 2017). The value of cross-loadings in each item is listed in Table 2.

Table 2 shows that all items have cross-loadings values above 0,7; it means that the questionnaire already has indicator reliability. The complete outer model for cross-loadings also can be found in Appendix. On the other hand, the research uses Cronbach's Alpha to test composite reliability. The value of Cronbach's Alpha should also be above 0,7 (Hair et al., 2017).

Table 2 Cross-Loadings Outer Models

Items	Cross-loadings Value	Items	Cross-loadings Values
SD01	0,943	CD03	0,943
SD02	0,926	CD04	0,938
SD03	0,93	FLG01	0,838
SD04	0,987	FLG02	0,847
RD01	0,907	FLG03	0,846
RD02	0,924	FLG04	0,873
RD03	0,922	FP01	0,854
RD04	0,913	FP02	0,801
CD01	0,922	FP03	0,757
CD02	0,911	FP04	0,855

Table 3 shows that all the Cronbach's Alpha values of each variable are above 0,7, which means it has composite reliability.

Beside the reliability test, it is considered that the validity should be tested. In PLS-SEM, there is convergent and discriminant validity. Convergent validity seeks to measure the positive correlation between indicators measuring the same construct, while discriminant validity is the process of testing whether a construct is completely different from other constructs when it is measured using an empirical, not theoretical, measure. The research uses the AVE value to test convergent validity and the value should be above 0,50. For discriminant validity, the outer loading value must be greater than the cross-loading value (Hair et al., 2017).

Table 3 Cronbach's Alpha Values

SD	RD	CD	FLG	FP
0,937	0,937	0,947	0,873	0,834

Table 4 AVE value

SD	RD	CD	FLG	FP
0,842	0,84	0,862	0,724	0,669

According to Table 4, all the AVE values are above 0,5, which means that convergent validity is achieved. Discriminant validity is also achieved in this result because all the square roots of AVE are higher than its correlation with other constructs.

Table 5 Cross Loading and Outer Loading

	SD	RD	CD	FLG	FP
SD01	0,943	-0,119	-0,356	0,119	-0,073
SD02	0,926	-0,529	0,226	0,436	0,125
SD03	0,93	-0,245	0,415	-0,584	0,139
SD04	0,987	0,953	-0,298	0,031	-0,203
RD01	0,561	0,907	-0,128	-0,105	0,102
RD02	-0,313	0,924	0,247	-0,21	0,056
RD03	0,284	0,922	-0,141	0,099	-0,187
RD04	-0,526	0,913	0,02	0,217	0,03
CD01	-0,113	-0,043	0,922	0,068	0,151
CD02	-0,403	-0,012	0,911	-0,186	0,14
CD03	0,636	-0,119	0,943	-0,133	-0,095
CD04	-0,137	0,173	0,938	0,248	-0,188
FLG01	0,474	-0,409	-0,861	0,838	0,224
FLG02	-0,568	0,063	0,971	0,847	-0,147
FLG03	0,327	0,31	0,57	0,846	-0,052
FLG04	-0,221	0,031	-0,668	0,873	-0,022
FP01	-0,081	0,441	-0,134	-0,232	0,854
FP02	0,443	-0,178	-0,307	0,232	0,801
FP03	0,471	-0,047	-1,42	1,246	0,757
FP04	-0,751	-0,232	1,678	-1,089	0,855

According to Table 5, all values of cross loading are higher than outer loadings. It means discriminant validity is achieved in the research.

Once the reliability and validity are achieved, the next steps are testing the hypothesis and analyzing the impact of the independent variables on dependent variables. The requirement of a hypothesis being accepted is when its p-value is below 0,05. The p-value of every hypothesis which is related to the structural model can be found in Table 6.

Table 6 P-value of Each Hypothesis

Hypothesis	P-Value	Final Decision
H_1: Higher Structural Dimension will increase Family Longevity Goals.	0,027	Hypothesis Accepted
H_2: Higher Relational Dimension will increase Family Longevity Goals	0,036	Hypothesis Accepted
H_3: Higher Cognitive Dimension will increase Family Longevity Goals	<0,001	Hypothesis Accepted
H_4: Higher Structural Dimension has a positive and direct effect on Family Firm Performance	<0,001	Hypothesis Accepted
H_5: Higher Relational Dimension has a positive and direct effect on Family Firm Performance	<0,001	Hypothesis Accepted
H_6: Higher Cognitive Dimension has a positive and direct effect on Family Firm Performance	<0,001	Hypothesis Accepted
H_7: Family Longevity Goals increased Firm Performance	<0,001	Hypothesis Accepted

According to Table 6, Hypothesis 1-7 are all accepted since the p-values are below 0,05. It means there is a significant effect between all the independent and dependent variables.

The strength and the direction (positive or negative) of each effect also can be found by using the path coefficient. If the path coefficient is 0,45, it means that the independent variable has 45% positive effect on the dependent variables. However, if the path coefficient is -0,45, there is 45% negative effect on the dependent variables. In other words, a positive sign means the increase in the independent variable will increase the value of the dependent variable. Otherwise, a negative sign means the increase of the independent variable will decrease the value of the dependent variable.

According to Hair et al. (2017), the effect size can be categorized into three types: 1) weak (0,1-0,29); 2) moderate (0,30-0,49); 3) strong (0,5-1). The path coefficient of each hypothesis can be found in Table 7.

Table 7 shows that every independent variable has a positive effect on the dependent variable.

The strongest effect is generated by the cognitive dimension (CD) of social capital toward firm longevity goals (FLG) which is 0,907 or 90,7%. It means that CD has a strong effect on FLG. The weakest effect is generated by structural dimension (SD) toward firm performances which is 0,301 or 30,1%. Although it is the weakest, according to Hair et al. (2017), it can still be categorized as a moderate effect.

Table 7 Path Coefficient

Hypothesis	Path Coefficient	Strength
H_1: Higher Structural Dimension will increase Family Longevity Goals	0,359	Moderate
H_2: Higher Relational Dimension will increase Family Longevity Goals	0,328	Moderate
H_3: Higher Cognitive Dimension will increase Family Longevity Goals	0,907	Strong
H_4: Higher Structural Dimension has a positive and direct effect on Family Firm Performance	0,301	Moderate
H_5: Higher Relational Dimension has a positive and direct effect on Family Firm Performance	0,708	Strong
H_6: Higher Cognitive Dimension has a positive and direct effect on Family Firm Performance	0,547	Strong
H_7: Family Longevity Goals increased Firm Performance	0,466	Moderate

Among the three social capital dimensions, the CD has the highest path coefficient value (0,907) which made it become the strongest dimension that will affect FLG. However, the strongest dimension which affects firm performance is relational dimensions (RD with a path coefficient of 0,708). In FP, RD is the weakest dimension that impacts business performance. With these results, it can be assumed that CD has a strong impact on both FLG and FP, while RD has the lowest impact for FLG, but the highest for FP. The summary of the path coefficient and P-values of each hypothesis can be found in Figure 2.

The findings are in line with almost all of the findings from previous research which pointing out that social capital dimensions have a direct and positive effect on firm performances (Kim & Gao, 2013; Mani, 2015). However, one of the findings from Mani (2015), about CD-FP relationships, is not the same as the result generated in this research. Mani said that CD does not have a significant impact on firm performance. However, in the research, CD even give a strong impact on firm performances. These findings are in line with the social capital theory which stated that CD enhance shared communication and integration of ideas. Thus, this integration will increase family firm's performances as the members working in the family firm have a collective understanding of their firm's culture that establishes a shared vision and purpose among individuals (Schmid & Sender, 2021; Tasavori et al., 2018).

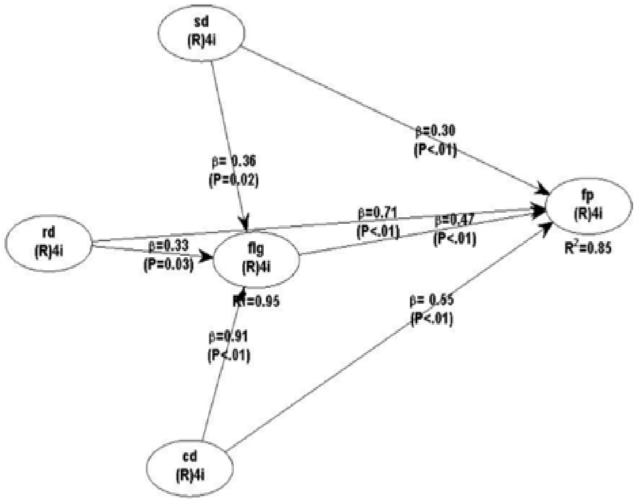

Figure 2 Path Coefficient and P-Value of Each Hypothesis

These results are also actually in line with the statement which said that the families' participation in the firm shall be assumed to ensure stable, trustworthy, durable, and characteristically socio-social capital relations with external and internal actors. Such relationships are based on prominence, parenthood, frequent interactions, and highly intensive communications which lead to shared values and norms, a family environment, and a strong organizational identification (De Massis & Rondi, 2020). Maintaining and improving the business environment through good relationships are very important because COVID-19 and its impact might affect the socioemotional wealth of the family members as well as its staff. COVID-19 has given family and other firms exogenous shock due to its impact such as a shutdown, massive contact restriction, and creating a shortage in many industries in terms of both supply and demand (Soluk et al., 2021). Those aftermaths from this pandemic might impact family members' well-being and affect its business performance.

Social capital ideas should be the key in this kind of situation due to their impact on human relationships and communication. By improving social capital dimensions in family firms, good communication can be built, resulting in a shared vision and innovation which will improve business performance and save the firms from a crisis. Thus, the research also encourages family firms to improve their social capital dimensions, especially amidst this COVID-19 pandemic to improve and maintain FLG that will result in better firm performances.

On the other hand, Hypothesis 8 is about the mediating effect of FLG between social capital dimensions and firm performances. To test this hypothesis, the research needs to conduct mediating analysis by using the VAF value. VAF value can be counted by dividing the indirect effect between the independent variable and dependent variables by total effect (indirect effect or total effect). When VAF is 0,86, it means it has 86% mediating effect. The VAF value can also be categorized into three types which is no mediating effect (below 20%), partially mediating effect (between 20%-80%), and fully mediating effect (above 80%).

Table 8 Mediating Effect

Relationships	VAF Value	Strength
SD-FLG-FP	0,55 / 55%	Moderate
RD-FLG-FP	0,32 / 32%	Moderate
CD-FLG-FP	0,63 / 63%	Moderate

Table 8 shows that FLG is moderately mediating the relationship between social capital dimensions to firm performance. Although the mediating effect is moderate, however, it still gives mediating effect on firm performance. Hence, Hypothesis 8 is accepted. The possible explanation for this result is that there is a presence of other factors that might increase the effect of social capital on firm performance. Ng et al. (2019) state that another factor such as managerial abilities mediates the relationships between the emotional attachment of family members and performance. Galadanchi and Bakar (2018) also state that many factors are associated with the longevity of firms, but the main important factors are innovative capability, organizational system, resources, organizational culture, and the strategy associated with the longevity of business enterprises around the world. The presence of these other factors is weakening the mediating impact of social capital on firm performance.

Hypothesis 9 is about the comparison of the model between family firms controlled by first generations and second generations. To examine the hypothesis, the research conducts multiple group analyses, which can generate a comparison between the two groups (first and second-generation) in applying the research models in their activities.

According to Table 9, generally speaking, the social capital dimension in second generation firms has a stronger impact on their FLG and FP which makes Hypothesis 9 rejected. The result contradicts the findings from Arrondo-García et al. (2016) who state that first-generation has better performance than the second generation. The result also contradicts previous research stating that first generations might have the strongest strategy implementation and performances since first-generation firms benefited the most from strategic planning and succession planning (Fang et al., 2018; Sreih et al., 2019).

Table 9 Comparison Analysis between Generation

Variables	Path Coefficient		Higher Effect Generation
	1st Generation	2nd Generation	
SD-FLG	0,316	0,069	1st
RD-FLG	0,408	0,106	1st
CD-FLG	0,729	0,962	2nd
SD-FP	0,202	0,684	2nd
RD-FP	0,523	0,608	2nd
CD-FP	0,241	0,715	2nd
FLG-FP	0,568	0,344	1st
Average	**0,434**	**0,483**	**2nd**

IV. CONCLUSIONS

The research contributes to family firms' studies by exploring the social capital ideas in family firms and how it impacts family longevity goals as well as their performances. The research also contributes to social capital pieces of literature by examining the particular impacts of its dimension in family firms. The research also shows that social capital ideas are valuable assets of a firm and has given particular advantages for family firms to build their business activities because it is unique for every family (based on history or members' unique background and relationship with one another).

The results suggest that family members should build their social capital ideas to develop their unique long-term goals which can increase their firm performances. Social capital ideas are very important in developing unique and long-term goals since they generate a shared vision by building communication and trust between family members. In this regard, family firms might have a strong will to sustain their business for a longer time and bring out best effort to increase their firm performance.

Eventually, the research only focuses on the internal facet of social capital in family businesses. The external side of the social capital can also be used for future investigations to better understand its impact on the performance of family businesses. Furthermore, researchers can include other non-financial measures such as harmony between families or family satisfaction.

ACKNOWLEDGEMENT

We thank all the alumni of Ciputra University for sincerely giving their time to fill out all the questionnaires for the development of knowledge in family business management. We also thank the Head of the Family Business Center Program of Ciputra University for providing support especially in giving permission us to distribute all the questionnaires.

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