

## Family Business Sustainability Strategy In Sme Sector At West Sumatera Province

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### Abstract

*This study based on review literature method, By using the analysis formulated that to be able to grow, develop and endure in a long time SMEs actors need to 1) get the capitalization easy, safe and transparent, venture capital should be considered to be the main choice as a source of financing because it has a more "friendly" system and more suitable for SMEs entrepreneurs, 2) Pay attention, the understanding of SME entrepreneurs to institutional, human resources, accounting, networking, information technology and so forth will certainly be needed, 3) think of innovative marketing, where to be able to compete entrepreneurs need to create their own "blue ocean" market rather than having to compete in the "Red Ocean" market that nudges more bloody and have a lot of competitors, 4) always doing sustainable innovation, it becomes an important key for SMEs to survive, information technology developments and market uncertainty.*

**Keywords:** Family Business; SMEs; Venture Capital; Business Resilience

### Introduction

The family company is a phenomenon in the business world. In addition to the numerous numbers, the family company also has a significant amount of the nation's economy. In Indonesia, for example, business people are dominated by family companies. Based on the results of the PWC survey in 2014 showed that more than 95% of businesses in Indonesia were family-owned and had a contribution of 25% of Indonesia's GDP.

The family company became very interesting to be studied for the various issues and challenges that the company should face because it not only faced business issues but also combined business issues and families of two institutions that have a conflicting orientation (Carlock and Ward, 2001). The next issue is the company's future relation to the issue of succession. The founders of the family company naturally would require that his company continue to grow past generation boundaries. Unfortunately not infrequently the heir generation is not ready to accept the leadership relay sticks. As a result, often the cycle of family companies only persists in one generation (Beckhard and Dyer, 1983). The fact mentions only about 30% of family companies can survive until the second generation, and the percentage is increasingly shrinking for the next generation.

In general, the family company is a company founded by one of the family members, controlled by the family, and later handed over to the next generation of family members. A family company is a company owned, controlled, and controlled by several family members involving two or more generations. For example, husbands and wives involve children (two generations), and can also involve grandchildren (three generations) (Casillas, 2007; Ward, 2007). Meanwhile, businesses can be called family businesses if management and ownership are concentrated in one family unit and if family members try to maintain or enhance a family's presence in business activities (Litz, 1995).

In the family business, there are four crucial things to be aware of. First, survival is the minimum size of the company's success and a prerequisite for other business performance indicators, such as growth, profitability, market share, and others (Drucker, 1954). The business must survive to succeed (Stafford, et al., 2010). Secondly, the principle of 'going concerned' in business, especially accounting, states that a business organization is established to live forever (Kieso, et al., 2010). Thirdly, one fundamental factor that distinguishes family and non-family firms are reflected on the main purpose of the family company emphasizing continuity, with the path of retaining the asset and family reputation

as the business owner (Ward, 2005). Fourth, empirical facts suggest that plunging into a business seems relatively easy, but it is not an easy thing to survive (Geroski, 1995).

MSMEs is the expectation of people's economic system to reduce the problem of the gap between business actors (Munizu, 2010). As part of a small business, the family business is one of the fastest-growing business types, especially in developing countries. The emergence of the family business becomes a public attraction to increase revenue and can employ family members. Family members who have the expertise and who want to build a business can join the establishment of a business, giving rise to very strict competition in the business. Business ownership by the family will be more profitable because of the ease of obtaining the required capital such as equipment and equipment. Family capital is a unique combination because it is a combination of the various elements that each family member brings. The capital brought by each family member will bring their values, resulting in unique behavior in the face of future challenges (Setiono, 2014). As the backbone of the SME economy has a strategic role in mastering the life of most people.

Small and medium industries in West Sumatera amounted to 35. 592 Company and absorb 120,060 Labor (BPS, 2018). Micro and small companies totaled 108,588 companies and have absorbed 202,330 Labor. It is demonstrated that this sector is the largest sector that absorbs manpower in West Sumatera. With many of his companies that are in this sector and the magnitude of the workforce that the company will have to gain greater attention to the Government and other stakeholders. Sustainability and business resilience for this sector is a very priority for the economic growth of West Sumatra better.

Having a very complex problem where the family business must face business and family problems at the same time raises the question of how the strategy for the family business can survive from generation to generation, especially the family business for the SME sector? In addition to solving the problem, this article intends to be a reference for family businesspeople in the MSME sector to be able to grow, develop and endure for a long time to be forwarded to the next generation. Furthermore, the Government of West Sumatera province can give greater attention to the family business people in the MSME sector.

## **Method**

The method used in this research is the Review literature method, which is the summary, analysis, and synthesis of the relevant literature model of the family business resilience strategy in the micro, small and medium industries. So far there has been a lot of research on family business, but research on how a family business can survive until several generations can be said is still limited, especially in Indonesia. There are as many as 25 references that are considered relevant to this family business model. 8 of them have full criteria and can answer the purpose of this research.

## **Result and Discussion**

### **Family Business**

In general, there are four phases of growth in a family company (Susanto, 2005), namely: (1) the development phase. In this phase, the main drivers of the business are the founders and family members. Besides, the existence of family companies is also determined by other stakeholders such as customers, employees, and the community around. (2) Management phase. At the time the company has begun entering the management phase, seven important issues arise, namely: value conflicts; Succession Organizational structure; Compensation Competence income distribution; Business and family alignment. (3) Transformation phase. Business transformation should be done by entering the elements into the company. The things to note in this phase are new roles for families, monitoring and

controlling, organizational development, as well as personal and corporate. (4) The sustaining phase. In this phase, all organization management, system, procedures, and policies are well organized and implemented. The company does not rely on a personal or family figure in running its operations but on an ever-fixed raw system. We can see that the family company was initially pioneered by the founders ranging from small businesses, perhaps even initially only micro-enterprises, which continues to grow into medium and large enterprises to become a family business that is scaled down to generations after its dependent on the resilience of the business.

Business is said to be a family business if management and ownership are centralized in one family unit and if family members try to maintain or enhance a family's presence in business activities (Litz, 1995). The family company is a company owned, controlled, and controlled by several family members involving two or more generations (Casillas, 2007; Ward, 2007). Family involvement has become an important factor in the family business and is one of the defining factors of business continuity in the long term.

The family business is the backbone of the community economy, as well as in Canada (Zahra, 2010) and represents an important part of the national economy around the world including the USA (Crum, 2019) The family business level as a proportion of the economy is still a debate caused by the extent of the defendant of the "family business" used and due to the level of historical data collection that considers the family business into the collection and coding of data from the time of citizenship and jurisdiction. There is a strong case to consider the family business as a significant national economic contributor.

Family companies have advantages compared with non-family companies, among others (Susanto, 2005); (1) There is no concern if the company's wealth will run out so that the company has high financial power; (2) The willingness to re-invest the profit by the agreement to develop the company; (3) Have a firm stability guarantee because it is supported by a strong corporate culture; (4) The high level of independence of action in the sense of the company's survival rate is not determined by the exchange market as most or all financial resources are supported by the family; (5) Informal approaches with minimum bureaucracy usually color a family company in carrying out business activities. (6) The process of acculturation to the business world that occurs since childhood allows family members to have excellent business knowledge.

### **Micro, Small and Medium Industries**

According to the CONSTITUTION 1945 then strengthened through TAP MPR NO. XVI/MPR-RI/1998 on economic politics in the framework of economic democracy, micro, small, and medium enterprises need to be empowered as an integral part of the economy of the people who have the position, role, and strategic potential to realize a national economic structure that is increasingly balanced, thriving, and equitable. Furthermore, the MSMEs are made through LAW No. 9 the year 1999 and due to the increasingly dynamic state of development to be changed to law No. 20 article 1 the year 2008 on micro, small, and medium enterprises then MSME sense is as follows:

- a) The microenterprise is a productive business belonging to a person and/or individual business entity that meets the criteria of the micro-enterprise as stipulated in this law.
- b) Small business is a standalone productive economic endeavor, conducted by an individual or a business entity that is not a subsidiary or non-branch of a company owned, mastered, or becomes part either directly or indirectly from the medium enterprises or large enterprises that meet the small business criteria as referred to in this law.
- c) The intermediate business is a standalone productive economic endeavor, conducted by an individual or a business entity that is not a subsidiary or branch of a company owned, mastered, or

becomes part either directly or indirectly with small business or large enterprises with the amount of net worth or annual sales proceeds as stipulated in this law.

- d) Big business is a productive economic effort conducted by a business entity with a net worth amount or annual sales proceeds greater than the intermediate business, which includes state-owned or private national enterprises, joint ventures, and foreign businesses conducting economic activities in Indonesia.
- e) The business world is microenterprise, small business, medium enterprises, and big business that conducts economic activities in Indonesia and domiciled in Indonesia.

According to article 6 of LAW No. 20 of 2008 about MSMEs in the form of capital is as follows:

- 1) Microenterprise criteria are as follows:
  - a) has a net worth at most Rp 50,000,000.00 (fifty million rupiahs) excluding land and business premises; or
  - b) have the annual sales result at most Rp 300,000,000.00 (three hundred million rupiahs).
- 2) Small business criteria are as follows:
  - a) net worth more than Rp 50,000,000.00 (fifty million rupiahs) up to at most Rp 500,000,000.00 (five hundred million rupiahs) excluding land and business building; or
  - b) have annual sales result in more than Rp 300,000,000.00 (three hundred million rupiahs) up to at most Rp 2,500,000,000.00 (two billion five hundred million rupiahs).
- 3) Intermediate business criteria are as follows:
  - a) has a net worth more than Rp 500,000,000.00 (five hundred million rupiahs) up to at most Rp 10,000,000,000.00 (ten billion rupiahs) excluding land and business premises; or
  - b) have annual sales result in more than Rp 2,500,000,000.00 (two billion five hundred million rupiahs) up to at most Rp 50,000,000,000.00 (fifty billion rupiahs).

Meanwhile, according to the category of statistical Central Agency (BPS), small businesses are identical to small industries and household industries. BPS classifies industry based on the number of employees, namely: (1) Micro industry with workers from 1-4 people; (2) Small industries with workers from 5-19 people; (3) Medium industry with workers from 20-99 people; and (4) large industries with workers of 100 people or more.

### **Family Business Resilience In Micro, Small and Medium Enterprises**

There are at least 2 things that become an important issue in the family business that first family involvement in the business and the second the succession. Family involvement is closely related to professionalism which can affect the overall aspects of corporate travel. Family members ' involvement in family companies makes the high level of trust and mutual reliability among family members has a firm stability guarantee and has the high financial strength, corporate culture becomes strong, has self-reliance in the actions and processes of succession generation to the business world that occurs since childhood. Still having slices with family involvement in the family business, the second thing that becomes an important issue on family business is succession. The success of the succession or the transfer of corporate leadership from the founders to the heir or from the previous generation of company leaders to the next generation will determine the resistance of the family business in the future. Many family businesses can survive and continue to grow after a succession, but not a few family businesses fall after the succession. Succession has become an important and crucial factor in the family business.

Entrepreneurs in the family business are very unique, they build a company that at one time is also a family institution (Selznick, 1957). The founder of a family business who wants to build and develop a company to create a family heritage and valuable assets must plunge into business. It requires the

ability to manage family succession, which in addition to having to do the replacement of the founders of the business, often also has to change the strategy and or structure of the company.

As the largest economic driver and the most labor absorber in the world, SMEs have a strategic role and a setting in the lives of many people. BPS has a micro-business as a business that has a worker of 1-4 people, small industries with workers 5-19 people, a medium industry with workers 20-99 people, and large industries with workers 100 people or more. From the defendant, we can see that the survival of SMEs is not only the importance of business continuity by the entrepreneur or founder of the business but also a determinant of life for workers.

Family business especially in the MSME sector is more vulnerable in facing competition. Where the sustainability of family ventures can often only be enjoyed the first generation and the time is quite short. Quite complex problems require that family companies can survive as the main source of family livelihood. So the sustainability of family business should get special attention, both in the establishment, travel, and business continuity of the family. Not even an exaggerated thing if the Indonesian Government in general and the West Sumatran government specifically to start to glance at the family business sector to be promoted as an alternative solution to the economic development of the country and region.

In general, MSMEs in Indonesia have some weaknesses. Some of MSME weakness in Indonesia such as management, organization, technology, capital, operational and technical in the field, limited market access, licensing constraints, and non-technical costs in the field that is difficult to avoid (Lestari, 2013). Supporting the statement there is research conducted by the Ministry of State KUMKM in cooperation with the BPS (2003) stating that the MSMEs that have business difficulties 72.47 percent, the remaining 27.53 percent no problem. Of the total ratio of 72.47 percent who have difficulty in the business, identified several problems and difficulties faced are: (1) capital, amounting to 51.09 percent; (2) marketing, 34.72 percent; (3) raw materials, 8.59 percent; (4) employment, 1.09 percent; (5) Transportation distribution, 0.22 percent; and (6) Others amounting to 3.93 percent.

Some of the difficulties still faced by MSMEs in competing are weak branding and promotion activities and market penetration abroad (Ashariyadi, 2016). Not to mention, SMEs must adapt to a business environment full of uncertainty and must be able to develop a business network among SMEs and other businesses more broadly. SMEs have to gain access to financing problems, as well as access to technology and information.

SMEs has a very complex problem which can include (Jonah, 2012) including Policy field, business development and services (Business Support), business financing, infrastructure, coordination of SME programs in the region, and integration and cooperation of national and regional such as East ASEAN Growth Area (EAGA).

The resilience or sustainability of SMEs has become a priority for every country, especially in West Sumatera. So solving any problems faced by SMEs is a priority and also urgent to do. In general, some strategies can be done by SMEs either by entrepreneurs or founders, stakeholders or policymakers, in this case, the government to make SMEs can grow and develop until a long time, like the following:

### 1) Easy, Safe and Transparent Capitalization

Based on research conducted by the Ministry of State of KUMKM in cooperation with BPS (2003) stating that SMEs who have difficulty in business 72.47 percent, 51.09 percent are capital problems. Presidential regulation No. 5 the year 2007 on Small Business loan program for MSME operational financing, UU No. 20 the year 2008 on MSME Empowerment for Prekonomian in Indonesia, and the latest is package 4 economic policy "The People's Business Credit (KUR) policy is cheaper and wider" for SMEs. It is certainly a fresh wind for MSMEs, but on the other, it also raises a new problem that is

related to interest and guarantee. Currently, the distribution of credit as one source of the capitalization for Msme is still in dominance by banking. However, there are still many obstacles in its distribution to SMEs.

Credit distribution resistance for SMEs by banking and non-bank financial institutions, caused among others; (a) The limited provision of collateral for MSMEs; (b) Formal financial institution of the rules that should be operational prudent, however, the maximum profit purpose makes SMES credit greater risk; (c) The need for further effort in assessing the business feasibility of MSMEs, the information desired by financial institutions to measure eligibility is often unavailable and less valid; (d) Procedures or requirements that do not fit into an SME business cycle, and even if necessary to make a special scheme of financing, of course, again require more effort. (e) Beyond that, there are still many problems, especially with regards to the commitment of financing service providers, as well as the culture and mindsets that develop on SMEs themselves.

Issues related to SME financing is important because compared to large companies, sources of SMEs financing from external are limited, both from the supply and demand (Valverde et al., 2009). According to the results of the research of the gratitude year 2002, generally, micro-enterprises who got financial service revenues increased per month nonrenewable 87, 34% and the reason that the fifth funding factor becomes a thrust for micro-enterprises to climb the class into small business and even not impossible to continue to the medium enterprises. Based on this we can see that the aspect of the investor's injections to SMEs is one of the important things for the business of SMEs for a long time.

The characteristic of venture capital is more suitable to be a source of financing for MSMEs in Indonesia, especially in West Sumatera. Venture capital is a non-bank financial institution that has a more "favoring" system to SMEs with all the limitations of the MSME business.

Venture capital is one of the most important sources of financing for SMEs and startups (Bukhari, et al., 2016). Venture capital is one of the providers of funds from investors that are used to invest in certain business sectors. Usually a startup or MSME business becomes an investment object for venture capital firms with agreements and proceeds for the long term. (Dipo, 1993; Budi Sulistyawati, 2006; Muliya & Imaniyati, 2008; Metrick & Yasuda, 2012).

Venture capital is a form of a non-Bank financial institution, which is one of the financing alternatives that offer more effective and efficient incentives in business development. Venture capital directly assists a businessman who is struggling to get capital financing in investment activity. Venture capital has two main dimensions, namely business dimension and social dimension. The business dimension of venture Capital aims to provide profit from financing to venture capital firms. Meanwhile, venture capital with the social dimension also directly assists small and medium enterprises who are struggling to get financing in their business activities and growth in their business (Gompers & Lerner, 2004).

Today, venture capital has grown to become one of the most important intermediaries in the financing market. Venture capital can provide capital to companies that have difficulties in obtaining financing. Usually, the form of this company is small and new, encouraged by the high level of uncertainty and risk of business as well as the magnitude of the difference between what is owned by investors and entrepreneurs. Besides, the company usually has a very small amount of assets and operates on a change-changing market. Venture capital firms finance a high level of risk, having high-profit potential (Gompers & Lerner, 2010).

The characteristics of venture capital are as follows (Ganbold, 2008) among the first: direct Capital participation activities. Second: Capital inclusion is long term, usually above 3 years. Third: The business entered is a high-risk business. Fourth Venture capital gains obtained from capital gains, dividend, or yield share. Fifth More activities on the establishment of new ventures and development.

Venture capital is a non-bank financing institution that has its market, following the objectives of the establishment of venture capital. The purpose of the establishment of venture capital, among others, first; For the development of certain projects, where the project does not merely think of profit. For example, the research project, which is also the nature of science development. Second For the development of new technologies, where investments in these technology projects will gain a long-term profit. Third The acquisition of a company, which is done to gain profit. Fourth Partnerships in the framework of poverty alleviation, by helping entrepreneurs who are financially weak, but do not have a material guarantee so it is very difficult to obtain loans from banks. Fifth Technology from the old technology to the new technology to improve the quality and production capacity. Sixth Help the establishment of a new company, where the company has a high level of risk and a large level of loss. Sixth Help companies that are lacking liquidity (Ganbold, 2008).

With the venture capital, it is expected that each party can feel its benefits, not only the owner of the capital but also the entrepreneur as the company's execution. The types of financing in venture capital are, firstly; Financing or equity financing. Second Financing by purchasing convertible bonds issued by the company PPU or semi-equity financing. Third Established a completely new company. Fourth For the outcome, this financing is financing to businesses that do not yet have a legal entity. However, it is not possible to do business with a legal entity.

If viewed from the viewpoint of SME entrepreneurs with the concept of family business financing by wearing venture capital is much easier and beneficial to both parties (entrepreneurs & owners of venture capital) rather than financing from the bank. Many, both researchers and entrepreneurs, consider bank nudge financing complicated and difficult to obtain by MSME entrepreneurs. This is related to the interest rates and guarantees that the nudge is difficult to fulfill by most MSME entrepreneurs.

Despite the concept of venture capital and fact field is a financing institution that is more suitable and friendly with the condition of real MSME businessmen, but in Indonesia own venture capital has not become the main financing source choice for MSME. In West Sumatra, venture capital is still not familiar by MSME entrepreneurs. Venture capital needs to be strengthened and more socialized and in the future by the government as a source of financing for SMEs. With many of his number of entrepreneurs in the field of SMEs would be a "wet farm" for the venture capital itself to grow and develop later in the day.

## 2) Good Business Management

The efforts to build SMEs are not separated from business management issues concerning institutional and human resources. Capacity building and competence of business actors become a major milestone in advancing SMEs. Based on a survey of Depdiknas (2008) Indonesian entrepreneurs, 83% inhabitable by elementary school graduates only. Training from the management of financial management to the market for SMEs is a heavy-duty run by the government.

More than 60 percent of SMES's problems were knowledge or knowledge (CEO of Smart plus Consulting, Yuszak M Yahya, 2014). In the 21st century came the Information Society and the Knowledge Base Society that puts "Knowledge" into a more "powerful" resource than capital and natural resources. The role of information, as input and the output of science and technology, becomes important in the knowledge-based economy era.

Entrepreneurs in the field of SMEs need to be given an understanding of good business management so that the business can be more professionally managed. It is both about institutional understanding, human resources understanding, information technology, and others. Because to be able to grow, develop, and survive SMEs, especially those who are still in the first generation and in the pioneering phase of the effort is necessary to have a capable management capability.

### 3) Innovative Marketing

HR issues certainly implicate SME's institutional quality. Small access to the goods and services products to the export market is not separated from institutional problems. Indonesia's SMEs group is still concerned with the local market, it is not solely the world's consumer confidence in Indonesia's goods and services, but also concerns the mindset of Indonesian businesses to see the market opportunities outside (outward), and it is related to the access of information that is less controlled by the institutional problems encountered.

Demands to follow the standards, design, and quality of products following the provisions, demanding changes in the production and marketing activities of SMEs. In MEA the Member State agrees to implement the ISO-26000 standard. Similarly to the market in the Indonesian government has issued guidance of the Indonesian National Standard (SNI), through government Regulation No. 102 the year 2000 on Indonesian national standard.

Indonesian SMEs are often hampered by this problem, because, among other things, (a) The art and manual products are implemented based on a tradition that is difficult to standardize, (b) the technical understanding and mastery of the standard implementation in production, (c) Mastery of technology in limited production, (d) weak supervision and law enforcement does not encourage SMEs to impose themselves, and (e) Local consumers tend to still not be critical

Marketing, be it goods and services, SMEs need to be more innovative. Innovation in this marketing will make SMEs more have a future certainty. This is because SMEs in the development phase needs a wider market space and fewer competitors. Meanwhile, the existing market space has been mastered and dominated by old competitors and larger than SMEs businesses. Therefore, if you see a market that has been there the business of SMEs can't get a wider market space.

Therefore, the MSME business needs to be more innovative in marketing to be able to survive competition in business competition. Borrowed the term from the author of the book Blue Ocean Strategy, W. Chan Kim & Renee Mauborgne, the Blue Ocean strategy. To be able to continue to live and thrive entrepreneurs or companies need to conquer all existing competitors by creating a market space without competitors and making the competition space no longer relevant. Businesses must die of the red ocean market that has been bloody and is full of competitors and creates its own market space by creating its blue-sand marketplace. Only with this SME business can live and continue to grow and survive until a long time in the future.

### 4) Sustainable Innovation

SME growth in SMEs as part of the economy must also increase competitiveness by innovating (Utama and Darwanto, 2013). Innovation-based competitive advantages and creativity should take precedence over lasting durability and longer timeframes. SME's problems related to productivity include a lack of copyright protection for innovation and creativity.

Innovation needs to be a special chapter in the minds of SMEs businesses to survive and grow in the change and development of technology and market uncertainty. This innovation needs to be done thoroughly in every strategic and business step for SMEs. This innovation concerns the aspects of marketing, institutional, human resources, raw materials, and other aspects of the needs of SMEs. SME business who forget the aspect of sustainable innovation will not grow and persist for a long time because it will be difficult to compete with other businesses, whether it is MSME and with the big business sectors.

SMEs business has a relation with the family business, hence the linkage of SMEs businesses in the scope of the family business there are also some things to note as follows:

### 1) Family Engagement Management

Entrepreneurs in the family business are very unique, they build a company that at one time is also a family institution (Selznick, 1957). The founder of a family business who wants to build and develop a company to create a family heritage and valuable assets must plunge into business. It requires the ability to manage family succession, which in addition to having to do the replacement of the founders of the business, often also has to change the strategy and or the structure of the company.

Many family companies continue to exist even though the macroeconomic conditions have a crisis. The company can survive and contribute significantly to the state's income (Susanto, 2005). However, in the family business, there are some classic things to note: (1) The lack of organization in family companies is often a weakness for a company is demonstrated by the obscurity of organizational structure, lack of management development due to excessive intervention of the owner; (2) Family involvement in a company that is too large often results in the company's very emotional life and risk of conflicts of interest. In addition to this, the bonds of tradition and family history cause the company to be difficult to change; (3) The family company is very vulnerable to internal conflicts. This is because in family companies frequent relationships are unprofessional by combining personal affairs with corporate affairs. Based on the above, there are not a few failed family companies in the middle of the road for not being able to compete with other family companies, not operating properly, and laying out many of its workforces.

Data shows that important proportions of a new company are created with family involvement. Families influence entrepreneurs' activities through their values and aspirations. They must maintain a business orientation between generations to achieve their goal of creating a lasting family heritage. Besides, the business needs an understanding of how family resources can be exploited and how family involvement can affect the type of business pursued and performance when starting the business.

The positive side of a racial involvement, that a family business as an interactive system was created by a person, family, and Company (Habbershon et al. 's, 2003). They propose a function definition for a family company and theorize about creating a systemic synergy with the relatives and how it can be an edge in the competition and create wealth. For the theory, their important contribution to establishing the criteria must meet before the resources and capacities resulting from family interactions may fulfill as "a family". We believe that these criteria are uniqueness, is separation, and synergy – not articulated simultaneously before. They spread the theory to explain how the family business differed from non-family businesses and how the difference might reveal itself in its competitive power of competitiveness.

Family involvement in the business does not necessarily have a bad impact on the company, if it can be well managed by the founder of the family company, in this case, the first generation, then it can be the most valuable asset in the business competition. Managing family involvement in the family business becomes very absolute if the family company wants to survive and grow for a very long time.

### 2) Management of a Good Family Fund

Family companies have advantages compared with non-family companies, among others (Susanto, 2005); (1) There is no concern if the company's wealth will run out so that the company has high financial power; (2) The willingness to re-invest the profit following the agreement to develop the company; (3) Have a firm stability guarantee because it is supported by a strong corporate culture; (4) The high level of independence of action in the sense of the company's survival rate is not determined by the exchange market as most or all financial resources are supported by the family; (5) Informal approaches with minimum bureaucracy usually color a family company in carrying out business activities. (6) The process of acculturation to the business world that occurs since childhood allows family members to have excellent business knowledge. Family members' involvement in family

companies makes the high level of trust and mutual reliability among family members has a firm stability guarantee and has the high financial strength, corporate culture becomes strong, has self-reliance in the actions and processes of succession generation to the business world that occurs since childhood.

This often makes SMEs business with the concept of the family nudge to last longer than SMEs businesses that are not managed with the concept of a family business. But the capital is not an everlasting thing, it can be exhausted and the value of the nudge shrinks. Therefore the family business owner needs to be wiser in managing the capital gained from the family. For family business enterprises, especially in SME entrepreneurs need to consider the establishment and management of its own Family Fund that is managed independently of the family business but can be one of the major sources of supporting capital in the business development phase.

### Conclusion

The family company is a phenomenon in the business world. In addition to the numerous numbers, the family company also has a significant amount of the nation's economy. In Indonesia, for example, business people are dominated by a family company. Based on the PWC survey results in 2014 shows that more than 95% of businesses in Indonesia are family owned and have a contribution of 25% of Indonesia's GDP. Meanwhile, small and medium industries in West Sumatera based on the 2018 BPS data amounted to 35. 592 Company and absorb 120,060 Labor. Micro and small companies amounted to 108,588 people and have absorbed 202,330 Labor. It is demonstrated that this sector is the largest sector that absorbs manpower in West Sumatera. With many of his companies that are in this sector and the magnitude of the workforce that the company will have to gain greater attention to the Government and other stakeholders. Sustainability and business resilience for this sector is a very priority for the economic growth of West Sumatra better.

To be able to grow, develop and endure long time SMEs actors need to 1) get the capitalization easy, safe and transparent, venture capital may need to be considered to be the main choice to be a source of financing for MSME because it has a more "friendly" system and more suitable for SMEs entrepreneurs, 2) Pay attention to good business management, MSME institutional understanding of institutions, human resources, accounting, networking, information technology and so forth will certainly be needed, 3) think of innovative marketing, where to be able to compete entrepreneurs need to create their own "blue ocean" market rather than having to compete in the "Red Ocean" market that nudges more bloody and have a lot of competitors, 4) always doing sustainable innovation, it becomes an important key for SMEs to survive, information technology developments and market uncertainty. Besides, in the aspect of SMEs to a family business, entrepreneurs or founders need to pay attention 1) Family involvement Management, where employers should be able to trade in the best possible potential families – among them the willingness to re-invest profits for corporate development, independence of action, have firm stability Assurance, have high financial power at the establishment and development phase, minimum bureaucracy, and the process of acculturation to the business world since childhood on the succeeding generation – for business continuity for a long time, 2) Family fund Management is good, it is necessary to consider the establishment and management of its own Family Fund that is managed separately from the family business.

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