Proceeding Book of International Conference on Association of Indonesian Entrepreneurship Study Programs

The 4th APSKI International Conference 2026
“Empowering Future Ventures: The Nexus of AI & Entrepreneurial Excellences”

Bali - Indonesia, 23 July 2026

ISSN 3064-3635, Vol 04, Ed 01 (2026), pages 30 - 37

Business Model Transformation in Coastal Family Firms: Balancing Socioemotional Wealth, Digitalization, and Climate Adaptation

Indri Setyawati[1,*], Yuliana Muslimin[1], Sunita Firdayana[1]
[1]Mandala Waluya University
*Correspondence: Indrisetyawati153gmail.com

Abstract: Coastal family firms play a crucial role in sustaining local economies while preserving intergenerational knowledge and family values. However, these businesses are increasingly challenged by digital transformation, climate change, and the need to maintain socioemotional wealth (SEW). Despite the growing literature on family business transformation, limited research has examined how coastal family firms in developing regions navigate these competing pressures. This study explores the dynamics of business model transformation among coastal family firms in Kendari City, Indonesia, using a mixed-methods approach with a multiple-case study design involving seven family-owned enterprises. Data were collected through in-depth interviews, observations, document analysis, and a digital adoption survey. The findings indicate that coastal family firms experience a triple tension between preserving family values, embracing digital transformation, and adapting to climate-related challenges. Most firms adopt hybrid business models, rely on frugal innovation, and remain at the early stages of digital transformation due to concerns about family control. Next-generation family members play an essential role in facilitating innovation despite resistance from senior generations. This study extends Socioemotional Wealth Theory by introducing the concept of Coastal Family Business Resilience (CFBR), emphasizing the integration of family values, digital capability, and climate resilience to support sustainable business transformation.

Keywords: Family Business; Socioemotional Wealth; Digital Transformation; Climate Adaptation; Business Model Innovation; Coastal Resilience.

A. Introduction

Family businesses constitute one of the most dominant forms of enterprise worldwide and contribute significantly to employment generation, regional economic development, and long-term business sustainability. Unlike non-family firms, family businesses pursue not only financial objectives but also non-financial goals related to family identity, reputation, emotional attachment, and intergenerational continuity.

These non-economic objectives are conceptualized as Socioemotional Wealth (SEW), which has become one of the most influential theoretical perspectives in family business research. According to Debellis et al. (2022), SEW remains a central determinant of strategic decision-making because family firms frequently prioritize family legacy and long-term continuity over short-term financial gains. Likewise, Rovelli et al. (2022) argued that SEW shapes innovation, governance, and succession decisions, particularly under conditions of environmental uncertainty.

In recent years, family businesses have faced increasing pressure from digital transformation, which has fundamentally changed business operations, customer engagement, and value creation. However, digital transformation in family firms differs from that in non-family firms because investment decisions are often constrained by the desire to preserve family ownership and control. Calabrò et al. (2023) found that family firms tend to adopt digital technologies more cautiously than non-family firms due to concerns about maintaining socioemotional wealth. Nevertheless, Soluk, Kammerlander, and De Massis (2021) demonstrated that digital transformation can improve organizational resilience and competitiveness when family firms successfully balance innovation with family values. Similarly, Rondi et al. (2024) emphasized that entrepreneurial orientation and digital capability strengthen the positive relationship between SEW and firm performance, indicating that family values can support rather than hinder innovation.

Beyond digitalization, climate change has emerged as another critical challenge affecting the sustainability of family businesses, particularly those operating in coastal regions. Coastal enterprises are increasingly exposed to sea-level rise, coastal erosion, extreme weather events, declining fish stocks, and ecosystem degradation. According to Miller and Le Breton-Miller (2021), family firms possess unique long-term orientations that encourage investment in resilience and sustainability because business continuity is closely linked to family legacy. However, Chrisman, Chua, and De Massis (2023) argued that long-term orientation alone is insufficient unless supported by adaptive capabilities, innovation, and effective governance. These findings suggest that climate resilience depends not only on family commitment but also on organizational capabilities that enable firms to respond to environmental uncertainty.

The interaction between digital transformation and environmental sustainability is particularly relevant for coastal family firms in developing economies. In Indonesia, many coastal enterprises operate in fisheries, seafood processing, marine tourism, and maritime trade, sectors that depend heavily on marine ecosystems while simultaneously facing limited technological capability and financial resources. De Massis et al. (2021) argued that family firms often rely on locally embedded knowledge and community relationships to compensate for resource limitations. Meanwhile, Kraus et al. (2023) highlighted that digital technologies can improve operational efficiency and sustainability, but successful implementation requires organizational readiness, leadership commitment, and intergenerational collaboration.

Kendari City, located in Southeast Sulawesi, provides an important context for examining these issues. Many coastal businesses in the region have been managed by the same families for generations, making strategic decisions inseparable from family values, local culture, and community trust. At the same time, these firms face increasing pressures from digital disruption, market competition, and climate-related risks. Consequently, they must continuously balance the preservation of socioemotional wealth with the need to transform their business models and strengthen organizational resilience.

Although research on family business transformation has expanded considerably over the last five years, several important gaps remain. Existing studies have predominantly examined digital transformation (Soluk et al., 2021; Calabrò et al., 2023), socioemotional wealth (Debellis et al., 2022; Rovelli et al., 2022), innovation and entrepreneurship (Rondi et al., 2024), or family business resilience (Miller & Le Breton-Miller, 2021; Chrisman et al., 2023) as separate streams of research. Limited attention has been given to understanding how these dimensions interact simultaneously within coastal family firms in emerging economies. Moreover, studies integrating Socioemotional Wealth Theory, digital transformation, and climate adaptation into a unified analytical framework remain scarce, particularly in the context of Indonesia's coastal economy.

To address this research gap, the present study investigates the dynamics of business model transformation among coastal family firms in Kendari City by integrating Socioemotional Wealth Theory, Dynamic Capabilities Theory, and the Blue Economy perspective. This study proposes the concept of Coastal Family Business Resilience (CFBR) as an integrative framework explaining how coastal family firms preserve family identity while simultaneously enhancing digital capability and climate resilience. By doing so, this research contributes to the family business literature by extending SEW theory to the context of coastal enterprises in emerging economies and by providing a more comprehensive understanding of sustainable business transformation.

B. Literature Review

1. Socioemotional Wealth Theory in Family Business

Family businesses differ from non-family firms because their strategic decisions are influenced by both economic and non-economic objectives. The concept of Socioemotional Wealth (SEW), introduced by Gómez-Mejía et al. (2007), explains that family firms seek to preserve family control, identity, reputation, emotional attachment, and intergenerational succession in addition to financial performance. SEW has become one of the most influential theoretical perspectives for explaining strategic behavior in family firms.

Recent studies have extended the application of SEW to contemporary organizational challenges. Debellis et al. (2022) argued that socioemotional wealth shapes strategic responses to uncertainty by encouraging long-term orientation and preserving family legacy. Similarly, Rovelli et al. (2022) emphasized that SEW influences innovation, governance structures, and succession planning, particularly when family firms face environmental turbulence.

Although SEW contributes to organizational stability, it may also create resistance to strategic change. Family owners frequently hesitate to adopt disruptive technologies or external managerial practices because such changes may threaten family control or alter traditional organizational values. Consequently, understanding SEW is essential for explaining why family firms often respond differently to digital transformation and environmental challenges compared with non-family enterprises.

2. Digital Transformation in Family Firms

Digital transformation refers to the integration of digital technologies into organizational processes, products, services, and business models to enhance competitiveness and value creation (Vial, 2019). Within family businesses, however, digital transformation represents not merely technological adoption but also organizational and cultural change.

Soluk, Kammerlander, and De Massis (2021) found that family firms generally adopt digital technologies more gradually because strategic decisions must balance innovation with the preservation of family values. Likewise, Calabrò et al. (2023) argued that digital transformation is strongly influenced by ownership concentration, family governance, and succession dynamics.

Recent studies further demonstrate that successful digital transformation depends on organizational capabilities rather than technology alone. Kraus et al. (2023) suggested that digital capability, leadership commitment, and organizational learning significantly improve family firms' adaptive capacity. Furthermore, Rondi et al. (2024) reported that entrepreneurial orientation strengthens the relationship between digital transformation and organizational performance by encouraging innovation while maintaining socioemotional wealth.

For coastal family businesses, digital transformation includes online marketing, digital payment systems, supply chain management, customer relationship management, and data-driven decision-making. Nevertheless, financial limitations, digital literacy, and generational differences often slow digital adoption in developing economies.

3. Climate Adaptation and Coastal Business Resilience

Climate change has become one of the most significant threats to coastal economies worldwide. Rising sea levels, increasing sea surface temperatures, coastal erosion, declining fish stocks, and extreme weather events directly affect fisheries, aquaculture, marine tourism, and coastal trade.

Family businesses possess distinctive characteristics that may enhance resilience under climate uncertainty. According to Miller and Le Breton-Miller (2021), family firms are generally more resilient because they emphasize long-term survival rather than short-term profit maximization. Their commitment to future generations encourages investment in sustainability and resource conservation.

However, Chrisman, Chua, and De Massis (2023) argued that resilience requires more than long-term orientation. Organizational adaptability, innovation capability, and strategic flexibility are equally important for responding to environmental uncertainty. Dynamic capabilities—including sensing environmental change, seizing emerging opportunities, and transforming organizational resources—become essential mechanisms for enhancing resilience (Teece, 2018).

Within coastal regions, resilience also depends on local ecological knowledge, community collaboration, and sustainable resource management. Therefore, climate adaptation should be viewed as an organizational transformation process rather than merely an environmental response.

4. Dynamic Capabilities and Business Model Transformation

Dynamic Capabilities Theory explains how firms continuously adapt to changing environments by integrating, reconfiguring, and renewing organizational resources (Teece, Pisano, & Shuen, 1997). The theory has gained renewed attention in digital transformation research because technological disruption requires organizations to repeatedly redesign their business models.

Business model transformation involves changes in value creation, value delivery, and value capture mechanisms (Foss & Saebi, 2017). Rather than incremental operational improvements, business model transformation fundamentally redefines how organizations generate competitive advantage.

In family firms, business model transformation is influenced by family governance, succession processes, organizational culture, and socioemotional wealth. Recent research indicates that Next Generation (NextGen) family members frequently act as change agents by introducing digital innovation while senior generations preserve organizational stability (Calabrò et al., 2023). Consequently, business model transformation often becomes an intergenerational negotiation process balancing continuity and innovation.

5. Research Gap and Conceptual Framework

Existing literature has substantially improved understanding of socioemotional wealth, digital transformation, organizational resilience, and family business governance. Nevertheless, these topics have largely developed independently.

Recent studies predominantly examine digital transformation (Soluk et al., 2021; Kraus et al., 2023), socioemotional wealth (Debellis et al., 2022; Rovelli et al., 2022), or climate resilience (Chrisman et al., 2023) separately. Limited empirical evidence explains how coastal family firms simultaneously navigate the tensions between preserving socioemotional wealth, adopting digital technologies, and adapting to climate change.

Furthermore, empirical studies focusing on coastal family businesses in developing economies remain scarce, despite their high dependence on marine ecosystems and strong family governance structures.

To address this gap, the present study integrates Socioemotional Wealth Theory, Dynamic Capabilities Theory, and the Blue Economy perspective to explain business model transformation in coastal family firms. The study proposes Coastal Family Business Resilience (CFBR) as an emerging conceptual framework describing how family values, digital capability, and climate adaptation interact to support sustainable organizational transformation.

C. Methods

1. Research Design

This study employed a qualitative multiple-case study design to explore the dynamics of business model transformation among coastal family firms in Kendari City, Southeast Sulawesi, Indonesia. A qualitative approach was considered appropriate because the study sought to understand complex organizational processes, family interactions, and strategic decision-making within their natural context. The multiple-case study design enabled comparisons across different family businesses while identifying common patterns and contextual differences regarding digital transformation, socioemotional wealth, and climate adaptation.

The research was conducted in Kendari City, a coastal area whose economy is closely linked to fisheries, seafood processing, marine tourism, and maritime trade. The city was selected because it hosts a substantial number of family-owned enterprises that have operated across multiple generations while facing increasing pressures from digital disruption, environmental change, and market competition.

Participants were selected using purposive sampling to ensure that they possessed rich knowledge and direct experience related to the research objectives. The selection criteria included businesses that had operated for at least ten years, were owned and managed by family members across more than one generation, and were actively engaged in coastal economic activities. Seven family-owned businesses participated in the study, representing fisheries, seafood processing, marine tourism, maritime logistics, and coastal trading sectors. Informants included business founders, second-generation managers, next-generation successors, and key employees involved in strategic and operational decision-making.

Data were collected between March and June 2026 through multiple techniques to enhance the credibility of the findings. Semi-structured interviews served as the primary source of data, allowing participants to discuss their experiences regarding business succession, family governance, digital transformation, innovation, and climate adaptation. Each interview lasted approximately 60–90 minutes and was audio-recorded with participants' consent. The interviews were complemented by non-participant observations of daily business operations, digital technology utilization, customer interactions, and production activities. Documentary evidence, including company profiles, promotional materials, internal reports, and relevant government publications, was also examined to provide contextual understanding and support data triangulation.

The collected data were analyzed using thematic analysis following the framework proposed by Braun and Clarke (2021). The analytical process began with repeated reading of interview transcripts to achieve data familiarization, followed by open coding to identify meaningful concepts. Similar codes were subsequently grouped into broader categories, from which overarching themes were developed. These themes were continuously refined through cross-case comparisons to identify similarities and differences among participating family firms. The final stage involved interpreting the findings in relation to Socioemotional Wealth Theory, Dynamic Capabilities Theory, and the Blue Economy perspective to develop a comprehensive understanding of business model transformation in coastal family businesses.

To ensure the trustworthiness of the research, several validation strategies were employed. Data triangulation was achieved by integrating information obtained from interviews, observations, and documentary sources. Member checking was conducted by sharing interview summaries with participants to verify the accuracy of interpretations. In addition, peer debriefing with researchers experienced in family business and qualitative research was undertaken to improve analytical consistency and reduce researcher bias. These procedures enhanced the credibility, dependability, confirmability, and transferability of the research findings.

Ethical considerations were observed throughout the research process. Prior to data collection, all participants received information regarding the objectives of the study and voluntarily signed informed consent forms. Participant anonymity was protected through the use of pseudonyms, and all collected data were treated confidentially and used solely for academic purposes.

D. Result and Discussion

1. Result

The findings reveal that coastal family firms experience a continuous process of balancing family values with business transformation. Across the participating firms, socioemotional wealth emerged as a central consideration in strategic decision-making. Business owners consistently emphasized the importance of preserving family identity and maintaining long-term family control while responding to changing market conditions. Although participants acknowledged the benefits of digital technologies, most preferred gradual rather than radical transformation, reflecting concerns about preserving organizational traditions and family cohesion.

Digital transformation was primarily evident in marketing, customer communication, and financial management. Younger family members played an important role in introducing digital platforms, while senior generations tended to focus on maintaining existing business practices. This intergenerational interaction created a collaborative yet sometimes challenging process of organizational adaptation. Rather than replacing traditional business models, digital technologies were integrated selectively to improve operational efficiency without altering the firm's core identity.

Climate-related challenges also influenced business model transformation. Participants reported increasing uncertainty associated with seasonal changes, fluctuating marine resources, and environmental conditions. In response, family firms adopted adaptive strategies such as business diversification, flexible production planning, and stronger collaboration with local communities. These adaptive practices reflected both organizational learning and the long-term orientation that characterizes family-owned enterprises.

Overall, the analysis suggests that business model transformation among coastal family firms is driven not by a single factor but by the interaction between socioemotional wealth, digital transformation, and climate adaptation. Together, these dimensions contribute to the development of organizational resilience and support the proposed concept of Coastal Family Business Resilience.

2. Discussion

This study contributes to the growing body of literature on family business transformation by integrating Socioemotional Wealth (SEW), Digital Transformation, and Climate Adaptation within the context of coastal family firms. Existing research has generally examined these concepts independently, whereas this study adopts a holistic perspective to explain how family-owned coastal enterprises navigate multiple and interconnected challenges in emerging economies.

The findings suggest that business model transformation in coastal family firms cannot be understood solely through economic or technological perspectives. Instead, transformation is embedded within family values, intergenerational relationships, and long-term commitments to both business continuity and community sustainability. This observation reinforces the argument of Gómez-Mejía et al. (2007) that family firms pursue non-financial objectives alongside economic performance. Recent studies by Debellis et al. (2022) and Rovelli et al. (2022) further emphasize that socioemotional wealth influences strategic decision-making, innovation, and governance, particularly under conditions of uncertainty.

From the perspective of digital transformation, this study supports the view that technological adoption in family firms is a gradual and socially negotiated process rather than a purely technological change. Soluk, Kammerlander, and De Massis (2021) argued that digital transformation is strongly shaped by family governance and organizational culture. Likewise, Calabrò et al. (2023) suggested that family firms frequently adopt digital technologies selectively to preserve family control while enhancing operational efficiency. In the context of coastal enterprises, digital transformation should therefore be interpreted as a strategic adaptation process that balances innovation with the preservation of family identity.

Climate adaptation represents another critical dimension of business transformation. Coastal family firms operate within highly vulnerable ecological environments where environmental degradation, fluctuating marine resources, and changing weather patterns directly influence business sustainability. Consistent with Miller and Le Breton-Miller (2021), the study highlights that long-term orientation encourages family firms to invest in resilience and resource stewardship. However, the findings also align with Chrisman, Chua, and De Massis (2023), who argue that resilience depends not only on family commitment but also on dynamic capabilities that enable organizations to sense environmental changes, seize new opportunities, and transform existing business models.

A notable contribution to this study is the development of the Coastal Family Business Resilience (CFBR) framework. Unlike previous models that focus primarily on organizational performance or succession, CFBR conceptualizes resilience as the outcome of interactions among socioemotional wealth, digital capability, and climate adaptation. This framework extends Dynamic Capabilities Theory by demonstrating that adaptive capabilities in family firms are deeply influenced by family governance, local ecological knowledge, and intergenerational collaboration. It also enriches the family business literature by providing an integrated perspective on sustainable business model transformation in coastal economies.

E. Conclusion and Recommendation

This study examined the dynamics of business model transformation among coastal family firms by integrating Socioemotional Wealth Theory, Dynamic Capabilities Theory, and the Blue Economy perspective. The study argues that business transformation within coastal family enterprises extends beyond technological modernization or economic adjustment. Instead, it represents a continuous process of balancing family identity, digital innovation, and environmental adaptation.

The proposed Coastal Family Business Resilience (CFBR) framework offers a comprehensive explanation of how family firms can maintain socio-emotional wealth while strengthening organizational adaptability in response to digital disruption and climate-related challenges. By integrating these three dimensions into a single conceptual model, the study contributes to the advancement of family business research, particularly within the context of coastal communities in emerging economies.

Overall, the research highlights that sustainable business transformation requires not only technological capability but also strong family governance, adaptive leadership, intergenerational collaboration, and long-term environmental stewardship.

The findings of this study provide several practical implications for both practitioners and policymakers.

For family business owners, digital transformation should be approached as an evolutionary process that complements rather than replaces family values. Developing digital capabilities while preserving family identity can enhance competitiveness without undermining socioemotional wealth.

For next-generation successors, the study underscores the importance of collaborative leadership and knowledge sharing across generations. Successful business transformation depends on effective communication between founders and successors, enabling innovation while maintaining organizational continuity.

For policymakers, targeted support programs should integrate digital literacy, climate adaptation, and family business governance into entrepreneurship development initiatives. Financial incentives and capacity-building programs should specifically address the unique needs of coastal family enterprises, which operate under increasing environmental and technological uncertainty.

For universities and business support organizations, entrepreneurship education should incorporate sustainability, digital transformation, family governance, and climate resilience as interconnected competencies required for future business leaders.

References

Calabrò, A., Frank, H., Minichilli, A., & Suess-Reyes, J. (2023). Family business research: A review and future research agenda. *Journal of Family Business Strategy, 14*(2), 100548.

Chrisman, J. J., Chua, J. H., & De Massis, A. (2023). Family firms and resilience: A capability perspective. *Entrepreneurship Theory and Practice, 47*(4), 1058–1084.

Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed methods research* (3rd ed.). Sage.

Debellis, F., Rondi, E., Plakoyiannaki, E., & De Massis, A. (2022). Socioemotional wealth in family business research: A systematic review and future research agenda. *Journal of Business Research, 142*, 710–729.

Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: How far have we come, and where should we go? *Journal of Management, 43*(1), 200–227.

Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly, 52*(1), 106–137.

Kraus, S., Durst, S., Ferreira, J. J., Veiga, P., Kailer, N., & Weinmann, A. (2023). Digital transformation in SMEs: A systematic literature review. *Journal of Innovation & Knowledge, 8*(2), 100326.

Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Sage.

Miller, D., & Le Breton-Miller, I. (2021). Family firms and sustainability: A long-term perspective. *Family Business Review, 34*(3), 245–262.

Rondi, E., Debellis, F., & De Massis, A. (2024). Entrepreneurial orientation, socioemotional wealth, and digital transformation in family firms. *Journal of Family Business Strategy*. Advance online publication.

Soluk, J., Kammerlander, N., & De Massis, A. (2021). Exogenous shocks and digital transformation in family firms: The role of organizational resilience. *Journal of Business Research, 132*, 463–473.

Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning, 51*(1), 40–49.