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Transgenerational Entrepreneurial Attitudes in Family Businesses in a Transition Economy

Jaka Vadnjal and Miroslav Glas

Family businesses represent 60-80% of SMEs in Slovenia, contributing at least 30% of GDP and employment. Only about 20% of family businesses are managed by second generation. Founders are conservative, as shown through their reluctance to grow, their inclination to maintain family control and the prevalence of non-financial measures of business success. These implications are based on samples prevailing with founders, and so, it is likely that successors share different views. The paper studies differences between the generations regarding: entrepreneurial orientation, results, market orientation, innovation and R&D, employee satisfaction and entrepreneurs' personal goal achievement. Two approaches are used, one, studying the differences between the first and second generation of owners, and the second, studying the differences between founders and successors within the same family business.

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Family Firms and Corporate Governance Rating: The Greek Case

Manolis Xanthakis, Lena Tsipouri and Loukas Spanos

Corporate governance (CG) has mainly focused on highly dispersed corporations. This study explores the CG of the listed family firms in Greece. In addition, it quantifies the compliance of family firms with international best practices. We developed a survey reflecting the Greek CG code and other well-regarded CG codes, like the OECD principles. We constructed a CG rating system and we applied it to distinguish family from non-family firms. The family firms were found lacking efficient CG mechanism and they demonstrated poor governance compared with non-family firms. Our methodology applies in a small open economy and may have significant implications in other similar capital markets. The merit of the exercise lies in its approach toward the creation of “collectively subjective” weightings, that are valuable to policymakers and academics.

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Female Entrepreneurship, Self-Starting Entrepreneurs and Family Business Successors: A Review of the Greek Situation

Katerina Sarri and Anna Trichopoulou

This is a review of the entrepreneurial environment and female entrepreneurship in Greece with special reference to family transferred business and self-starting entrepreneurs, approached first through the analysis of the existing bibliography and then through the presentation and analysis of data exploring personal characteristics and motivation, drawn mainly from three similarly designed surveys, covering the period 1990-2000. Findings suggest it is important that women entrepreneurs not be treated as a monolithic category; rather policies and programs to support them should begin with a diagnosis of their personal characteristics and motives aimed at strengthening pull motives that comprise a base for more viable and innovative entrepreneurial activity. The paper's originality lays in its review of the Greek situation, adding more evidence of the characteristics of women entrepreneurs (self started and successors of family businesses), in a different setting.

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Role of Leadership Personality and Firm Culture in Cyprus Family Business Succession

Eleni T Stavrou, Tonia Kleanthous and Tassos Anastasiou

The present study is the first to propose a theoretical framework for an exploration of the relationship among organizational culture, leader personality and the success of hereditary transitions in family businesses. Using Dyer's cultural framework and Jungian personality concepts, the authors test empirically this framework among family businesses in Cyprus. In turn, they identify certain common dimensions of leader personality and firm culture in relation to the success of a transition, which could serve as the basis for further research on the subject.

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Emergence of Family Enterprises in Slovenia

Mojca Duh

In Slovenia, especially in the 1990s, the number of small and medium-sized enterprises has dramatically increased. Family enterprises also present a significant factor in the economic development in Slovenia. In 1998 and 1999, we carried out the first broad research on family enterprises in Slovenia. The majority of surveyed family enterprises are young (established between 1991 and 1998), in the ownership of 1st generation owners, and the ownership families are young business families. Therefore, conflicts between family members and succession issues presently do not present obstacles for further development of these enterprises. However, systems, organizations and families change with the passage of time. We believe that in the future, Slovenian family enterprises will cope with problems (such as succession issues, conflicts) reported in other research studies in developed market economies.

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Russian Families in Small Businesses

Nonna Barkhatova

The article explores the social dynamics of small family businesses in contemporary Russia which have not been addressed either in the research on small firms in Russia or in the family business literature. The focus is on the uses of family assets – material, social and cultural – in the setting up and running of new businesses and the impact of socio-economic change on the understandings as to family obligations. The issues of the securing of family ties, obligation and trust provide key thematic elements for exploring the cultural and moral embeddedness of a distinctive form of economic activity as well as the potential for revealing the conditions within which breakdown in these social conditions of economic activity can occur. The article is based on empirical research embracing lengthy, semi-structured interviews with family participants in 12 small businesses in two Siberian cities in 1997/98. Further research is recommended devoted to quantitative analysis of family business in Russia to understand the role and scale of this sector in the economy of country.

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Entrepreneurship and Family Business in a Hostile Environment: The Case of Lithuania (2001-2005)

W Gibb Dyer Jr. and Svetlana Panicheva Mortensen

This article compares the survival strategies used by the founders of family and non-family businesses in the hostile economic environment of Lithuania. In this exploratory study, six firms were studied in depth: three family firms and three non-family firms. These firms were in that sector of the Lithuanian economy designated as "light industry." Data were gathered during two time periods, 2001 and 2005. The major strategies used by founders to keep their firms viable include (1) developing social capital to gain favor with local authorities and important customers and suppliers and (2) using family networks to gain access to human and financial capital. The family businesses appeared to be more successful than the non-family enterprises. Moreover, the ability to draw on family resources seemed to be the predominant reason for their modest success.

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Ecopurify

Miroslav Pivoda and Frank Hoy

After the Velvet Revolution in 1989 in the former Czechoslovakia, at the age of 62, twin brothers Scot and Vincent Manus, former scientists, started their company hereinafter referred to as Ecopurify, which specialized in the treatment and purification of waste water. Fifteen years later, in 2004, the company's sales represented only something over US\$1 million.

Near total stop of commercial activities and reorientation of the company on a new round of research after 2000 led Scot's only son Thomas to have a heated quarrel with his father, and then leave the family house and moved to a real estate business.

In 2005, close observers of Ecopurify commented that the Manus brothers, as scientists, should have transferred the company to an experienced professional manager and devote themselves to research and development only.

In the Czech Republic, Scot hoped that a revived market interest could bring back Thomas, and allow continuation of the family business. In the Vincent's family, living in Slovakia, there was nobody interested in this business.

Re-Establishing Traditional Czech Family Businesses: A Multiple Case Study on the Present Challenges

Alena Hanzelkova

After 50 years of expropriation and state ownership, a large number of Czech traditional family businesses were returned to their original owners. Despite the volatile and risky socio-economical and political conditions of the early 90s, many businesses were re-established by their former family owners and are carrying out their activities with varying degrees of success until now.

This study monitors the challenges that family businesses face today and to investigate whether some of these might be facilitated through business education and counseling.

The results revealed that Czech restituted family firms face a vast array of challenges related to general business conditions in the Czech Republic , business management, specific family business issues and challenges related to entrepreneurial management. Apart from these results the study also revealed that traditional family firms possess certain unique skills related to family factors. If managed, developed and utilized properly, these might become sources of their competitiveness and could help in overcoming the current problems.

Impact of Competitive Pressure on Cyprus Family Businesses

Elmos Konis

Family businesses are the dominant business enterprise all over the world. In the case of Cyprus, the impact of family was assumed to be even more significant, especially given the smallness of the country and the close-knit society. Moreover, due to the country's recent entry into the EU and increased competitive pressure, it is urgent that studies isolate the issue and any resultant repercussions. This qualitative research study aimed to investigate the impact of the family factor on Cypriot businesses in today's competitive environment.