

2

Intergenerational Succession in Farm Households: Evidence from Upper Austria

Thomas Glauben, Hendrik Tietje and Christoph R Weiss

This study examines household and farm characteristics affecting farm succession. Based on a farm household survey, three aspects of succession are analyzed in the paper: the probability of family succession; the likelihood of having a successor designated; and the timing of succession. Large and specialized farms are more likely to be transferred within the family and to have appointed a successor. The number of family members, as well as the experience of farm operator, is also significantly related to the succession behavior. The probabilities of succession, and of having a successor, first increase with age and then decline again. Furthermore, timing of succession is delayed as the farm holder ages, suggesting most farm operators' succession plans to be inconsistent over time. In addition, we find a significant interrelationship between the different aspects of succession indicating that decisions on family succession, the designation of a successor, as well as the timing of succession, are not separable.

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Skill Development in Austrian Family Hotel Businesses

Mike Peters and Dimitrios Buhalis

This paper investigates planning, strategy development and behaviour issues based on a survey of small family hotel businesses in Austria. It identifies skill and competency gaps and demonstrates what needs to be addressed in order for those businesses to improve performance, growth and internal management procedures. The results demonstrate areas of tourism training and education for family hotel businesses. Given that small businesses dominate the tourism and hospitality industry worldwide they are of critical importance for the competitiveness of destinations and the regions where they are located. It is increasingly clear that small businesses are not miniature versions of larger ones, but they have different structures, priorities and strategic objectives. Therefore, suitable training and education programmes should be developed to address their specific need and to assist them to build their competitiveness.

4

Righteousness in Ownership Transfer: A Cultural Perspective

Willem Burggraaf, Roberto H Flören and Jurgen R Geerlings

This paper examines the influence of Dutch culture and history on the ownership transfer in family businesses. A preference for ownership transfer to the next generation could result in a family business being sold at a discount. This could result in serious family conflicts in those family businesses where only the successor and not the other siblings are eligible for ownership transfer.

The egalitarian Dutch culture results in a relatively high number of ownership transfers to all siblings. This principle of righteousness in the family system has an impact on the other domains of the family business system. The predominant principle for the ownership domain proves to be the principle of commitment.

To further explain the difficulties of ownership transfer the following bivalent aspects of ownership are distinguished: identity, solidarity, privacy, and independency. Ideally, stakeholders will prioritize the different interests attached to the different domains, and thus enable to balance the three principles in ownership transfer.

Governance and Succession in Swiss Family Firms

Thomas Zellweger and Frank Halter

The corporate governance of Swiss family firms is strongly affected by the owner family's strive for independence and control across all three government systems, namely ownership, supervisory board and management board. Family firms prefer controlling their firms in particular via ownership control. Once the family has decided to give away some control, non-family members first enter the supervisory boards and subsequently also management teams. As a last resort, non-family members grant access to the capital of the firm.

A majority of entrepreneurs do not consider transfer of control after succession as a threat. However, this threat was more perceptible for firms in the French and Italian speaking area of Switzerland in comparison to the German speaking area. The main motive for handing over a firm is the age of the entrepreneur. The large majority of entrepreneurs still strive for a family internal succession, in particular in the production sector. The main problem for entrepreneurs with succession is the financing of the transition of ownership.

6

Family Businesses and Perspectives on Corporate Continuity in Germanic Europe

Herbert Neubauer

Family businesses represent a major factor in western economics. This paper presents the state of the art and trends of family business research and the economic prevalence of family businesses in Germanic Europe. Based on the system elements of family businesses—family, ownership, management and business—an explanatory model for the evolution of a family business is developed. Further, the paper illustrates the significance of and problems involved with family business succession. On the basis of empirical studies in Europe important aspects of generation changes are examined considering their multi-dimensional nature. Finally, a number of recommendations are made for future research on family business succession in Germanic Europe.

7

Role Models and Farm Development Options: A Comparison of Seven Swiss Farm Families

Ruth Rossier

The present study aims to investigate the decision patterns and action orientations of seven farm families regarding the development of their farm. The results led to the hypothesis that the development strategies in farm family businesses strongly depend on the lived role model. Farm families with a role model in which the roles within the family are rigidly allocated concentrate on traditional agricultural production, as it used to be, and show distance from innovations. Farm families with a flexible role model in which the roles within the family are negotiated according to interests and abilities, and in which the potentials of women are integrated and honoured, show future orientation. Depending on the viability of their farm concept, these farm families...in the agrarian sector or successively withdraw from farming.

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8

Strategic Profiles and Evolution of Family Businesses in the Netherlands

Mark A A M Leenders and Eric Waarts

In this study, we make a distinction between a firm's family and business orientation. The two dimensions are used to develop a space of family businesses that include 'Houses of Business', 'Family Money Machines', 'Family Life Traditions', and 'Hobby Salons'.

In the first part of this study, we test the validity of the dimensions. Our empirical research among family businesses (n=220) shows that, based on the orientations, different types of firms co-exist. As expected, we find that differences in family and business orientation result in different advantages and disadvantages with respect to performance indicators such as motivation, conflict resolution and continuity.

In an in-depth follow up study among 24 family businesses, we learned that evolutions on the family dimension do not follow a clear pattern. But, for the business dimension there is a natural tendency to become stronger over time, resulting in a trajectory towards a House of Business and a Family Money Machine.

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Corporate Social Responsibility in Dutch Family Businesses

*Lorraine M Uhlaner, H J M (Annemieke) van Goor-Balk M A
and Enno Masurel*

This article explores corporate social responsibility in family businesses. In particular, the research investigates family businesses in relation to a wide variety of constituent or stakeholder groups. It reports the preliminary results of focused interviews with forty-two small and medium-sized Dutch family businesses. The data obtained from content analysis suggest that a mix of corporate social responsibility perspectives, including economic benefits, conformance to ethical and legal expectations and philanthropic as well as community involvement, help to explain the nature of relationships with, and behaviors toward, various constituency groups. The family character of the business most frequently impacts employee, client, and supplier relationships. Statistically significant interaction effects are reported for the following moderator variables: generation of the owner; company tenure in the community; community size; company size; and inclusion of the family surname in the business name. Interaction effects were also tested for industry type and gender. The article also outlines some practical implications of the findings and suggests directions for future research.

Knowledge Models in Family Business Evidence from Ticino Region (Switzerland)

Francesco Chirico

The present research is aimed at investigating how knowledge can be created, shared and transferred to generate value in family business over time. The study was conducted in Switzerland. Two wine-producers family firms from Ticino region (Switzerland) were analyzed in 2005. Two knowledge models are developed based upon the review of the literature and case studies. One analyzes factors responsible for the creation, sharing and transfer process of knowledge in family business across generations; the other explores the way knowledge generates trans-generational value in family business through a dynamic process.

Survival of the Family-Operated Firm in Germany

Norbert Dannhaeuser

This paper addresses the often expressed conviction found in the modernization literature that with development the importance of small, family-operated firms in the commercial sector will decline. To test this assumption on the micro-level the paper turns to Hassfurt, a medium-range town in southern Germany. It finds that despite a high trust environment, low opportunity costs, economies of scale and ethnic homogeneity associated with a developed economic context, family-operated firms continue to dominate much of the town's commerce.

In addition to the high value put on the family in business in contemporary German culture, two additional sets of local conditions are identified that account for this continuity in Hassfurt. First, there are modified traditions maintained by family-operated firms in the form of encouraging effective intra-firm division of labor based on kinship. Second, many family-operated firms have co-opted integrated supply channels. This study helps identify the conditions that may lead to institutional continuity during the development process, and minimize the trauma often associated with the transformation of local commerce as an economy matures.