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Goal Orientation and its Relationship to the Business Family, and Family Business Performance, within the UK's Family Owned and Managed Mid-Sized Businesses

By

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September 2014

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SUMMARY

Mid-Sized Businesses (MSBs) are defined by the Department for Business, Innovation and Skills (BIS) as having a sales turnover of between £25 million and £500 million. A key gap in family firm/business research and literature to date is, understanding the role and importance of non-financial objectives (such as family harmony, tradition and business longevity), and the role the family plays in creating a wide set of business performance objectives (both financial and non-financial) in these businesses.

This dissertation contributes to filling this knowledge gap by drawing on Family Systems Theory applied in a business context, and within an overarching Resource Based View (RBV) of the firm.

KEYWORDS: Family Business; Family Systems Theory; Family Centred Goals; Socioemotional Wealth; Familiness

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1 Dissertation Overview

The UK Government, and the Confederation of British Industry (CBI), amongst others, are of the view that Mid-Sized Businesses (MSBs¹) could play a more significant role in creating additional economic growth² (CBI, 2011), but which until recently have been largely ignored as a discrete group of businesses within government business support policy. There is also a lack of academic research into the MSB population as an empirically discrete business group, with most research either using the category of Small and Medium Enterprises (SMEs) or large enterprises³. Furthermore, research by Hart et al (2011) estimates that family owned businesses (using a broad definition⁴) account for approximately 63% of MSBs in the UK. This research also provides statistical (regression analysis) evidence that MSBs, and in particular the family owned MSBs, are less likely to be growing, using sales turnover as the measure, when compared to smaller and larger businesses.

Wider research looking at business growth⁵ suggests that the vast majority of SMEs, either do not survive, do not grow, or of the small number that grow beyond 20 employees (NESTA, 2009; Anaydike-Danes et al, 2010), after initial growth they reach a 'stagnant' middle (Storey, 1987 and 1994) or a steady state. MSB family firms are of a significant size, using the Department of Business, Innovation and Skills (BIS) definition, thus family firms in my proposed study group are more likely to be older, have reached a 'stagnant' or steady state, and for the family

¹ MSBs are defined by the Department for Business, Innovation and Skills (BIS) as having a sales turnover of between £25 million and £500 million

² CBI (2011) research suggests £50bn could be added to GDP within 10 years if latent MSB growth potential is unlocked

³ SME definition is any business with fewer than 250 employees, using this definition SMEs account for 99.9% of all businesses in the UK, with micros (0-9 employees) accounting for 95% of all UK businesses (House of Commons Report SN/EP/6078, June 2014)

⁴ Defined as UK owned with less than 5 shareholders, as reported in FAME

⁵ There are many different definitions of business growth and ways of measuring growth (Barringer et al., 2005; Delmar et al., 2003; Delmar and Wiklund, 2008), but business growth is mainly defined and measured using absolute or relative changes in sales, assets, employment, productivity and profit margins (Allinson et al. 2006) – there are issues relative to measuring one aspect in isolation e.g. sales growth can increase while employment and/or profits fall.

businesses to be more likely owned by second or later generations. Post-founder family businesses are also an area of family business ownership research where there are opposing paradigms. One set of empirical studies have found that business renewal occurs with the involvement of successive family generations (Sahra, 2005; Fernandez and Neito 2005, cited in Molly et al, 2012), whilst others indicate a negative effect of intergenerational succession on the growth level realised by the family firm (Cromie, Stevenson, & Monteith, 1995; Dunn, 1995; Reid et al 1999, cited in Molly et al, 2012).

There is also a large evidence base (Bloom et al, 2012) that suggests a key barrier to overall better business performance in the UK is the relative (compared to other countries) weakness of UK management and leadership capability. Additionally, evidence shows it is owner-managed and family owned and family run businesses that are the worst managed, across all countries, but that professionally managed businesses (regardless of ownership) perform much better (Morgan. et al. 2006; cited in CBI, 2011). Compared to German Mittelstand (equivalent of UK mid-sized) companies⁶ (Morgan et al. 2006; cited in CBI, 2011), it is argued that more UK family owned businesses remain under the management, or direction of, a family member or members, rather than by a 'professional' management team – 10% of family firms are run by the eldest son in Germany this compares to 50% in the UK. This is seen to be a relative weakness within the UK family owned business structure that is potentially holding back growth in these businesses (CBI, 2011). However, current inheritance tax exemptions (100%) encourage family succession within the UK. There is also evidence that as firms pass out of the hands of the first generation, into second and subsequent generations, the management, and growth potential, of the firm deteriorates (Morgan et al, 2006; cited in CBI, 2011).

⁶ Government is wanting UK MSBs to compare to Mittlestand businesses in terms of their economic performance and contribution to the German economy

Additionally, most of the Government funded business support to date has been, and is, focused or differentiated, largely on the basis of firm size, sector of business activity, gender, ethnicity, and location (areas of deprivation); whereas, little Government funded support is defined, or provided, on the basis of business ownership and management structure. There are also differences in aims across Government funded business support, with some interventions emphasising employment growth and others sales turnover or export growth⁷.

1.1 Dissertation Structure

The purpose of this dissertation is to provide a systematic review of the relevant academic and non-academic literature, as well as an initial exploration of the available secondary data, to understand what is known and remains unknown in relation to the factors that may contribute to these empirical findings within the family owned and managed MSB UK population.

This dissertation and its underpinning secondary research methodology will also support further planned primary research to be conducted for a PhD that will focus on understanding the performance and growth characteristics, and antecedents amongst UK family owned and managed mid-sized businesses (MSBs). This research will focus on the prevalence, type and role of family centred economic and non-economic goals and their relationship to financial business performance and growth. It will also seek to understand the role of the family in the setting and achieving family centred business goals, and will consider the implications of the findings for business survival, as well as the survival and performance of the family in the business, or other businesses or entrepreneurial activity.

⁷ Solutions for Business – Government Funded Business Support: A Guide for Business, 2011

Section 2 provides; an overview of the historical development and current profile of academic family business research. It details key issues for family business scholars, along with estimates for family and Mid-Sized Business (MSB) populations, and the current (mainly) non-academic research that focuses specifically on understanding the profile, needs and issues of both these business groups.

Section 3 provides the key theoretical frameworks that are prevalent, and relevant, to the study of family business research. It highlights the lack of family theory within the current literature, along with a rationale for the chosen theoretical frameworks to be drawn on in the proposed empirical work.

Section 4 draws on key family business research literature reviews, and specific journal articles of central importance to this dissertation focus that have been identified through this review and additional literature review work undertaken using Aston's e-library resources.

Section 5, provides an understanding of the proposed primary research to be undertaken in the PhD.

Section 6 provides the dissertation summary, and sections 7 and 8 provide the appendices and references.

2 Family Business & Mid-Sized Business Research Overview

This section of the dissertation provides; an overview of the historical development and current profile of academic family business research. It details key issues for family business scholars, along with estimates for family and Mid-Sized Business (MSB) populations, and the current (mainly) non-academic research that focuses specifically on understanding the profile, needs and issues of both these business groups.

2.1 Family Firm/Business Research Overview

Family firm research emerged in the 1960s from essentially practitioner research and was not initially accepted as a discrete field of academic research by business schools (Litz et al, 2012). The beginnings of family business research can be traced back to Calder's (1953; cited by Sharma, 2014, p.2) dissertation on the problems of small manufacturing family firms. However, it was the establishment of a publication dedicated to family business research in 1988, 'Family Business Review', which provided impetus by providing an outlet to those wanting to research and publish articles in this field, with a strong upsurge in published articles since the 1990s, and again after 2000.

Most research to date has focused on understanding the differences of family business to non-family, yet there is growing awareness of the need to understand the significant heterogeneity that exists within the family business population (e.g. Sharma et al., 1996; Melin and Nordqvist, 2007; cited in Sharma et al, 2014, p.2). A further research complication is that the boundary definition for family business research remains a highly contested area (Moores, 2009, cited in Litz et al, 2012).

Given the prevalence of family businesses across the world economy⁸, their recognised importance within and across economies (Miller & Le Breton-Miller, 2005; Ward, 2004 cited in Astrachan, 2010), and their significant contribution to Gross World Product (GWP) (Astrachan, 2010), it is somewhat surprising that family business research amongst academics is a relatively new area i.e. the last 30 years. However, since the new millennium, family business research has become a fast growing area of interest across academics, policy makers and business support practitioners (Sharma et al, 2012; Wright, & Kellermanns, 2011). Articles on issues and topics central to family enterprises are now to be regularly found in leading journals, and furthermore several leading journals have commissioned special issues on the family enterprise research, for example, Journal of Business Research, Journal of Management Studies, Strategic Entrepreneurship Journal (Sharma et al., 2014 p3).

One possible reason for the recent growth in attention across both academic and non-academic groups is that the distinctive characteristics of family businesses appears to have made them resilient and more likely to survive (Wilson et al, 2013). Developing an understanding how this resilience occurs, and what it encompasses, within family businesses may be of value to a range of stakeholders seeking to develop more stable, and sustainable, market economies.

2.2 Boundary Considerations and Family Business Definitions

A commonly shared definition of what constitutes a family business is yet to emerge within the academic literature (e.g. Mandl 2008; Sharma 2004 cited in Duh, 2010), which in turn hampers the creation of commonly accepted conceptual and operational definitions for the study of 'family enterprise'. To build theory for the

⁸ Family firms are estimated to account for roughly 75% of all businesses globally (Goody, 1996; Nicolson, 2008a, 2008b cited in O'Boyle Jr. et al, 2012)

understanding of a phenomenon, the phenomenon must first be accurately and consistently described, yet Chua et al. (1999) found 21 different definitions of family business and more recently Liz (2008), identified 30 definitions of family business (cited in Pearson et al, 2014, p.556).

The main definitional components of existing definitions relate to ownership, governance, management and generational succession. However, according to Chrisman et al (2005) family business definitions to date lack a theoretical basis for explaining why family involvement in a business leads to behaviours and outcomes that might be expected to differ from non-family businesses.

Within the narrower scope of literature examining the concept of “familiness” (Astrachan, 2003) and performance (my chosen research focus) the majority of studies have used a dichotomous characterisation of firms i.e. family v non-family (e.g. McConaughy et al., 2001; Lee, 2004 cited in Rutherford et al, 2008), which although important for theorising is seen as overly simplistic and therefore problematic (e.g. Astrachan, Klein, & Smyrnios, 2002 cited in Rutherford et al, 2008). Only recently have there been attempts at assessing the degrees of family/business crossover (e.g. Athanassiou et al, 2002 cited in Rutherford et al, 2008).

The continuing definitional confusion is also seen as a significant obstacle for future studies of family firms (Rutherford et al, 2008). The research limitations that occur as a result of this definitional confusion is a lack of clear criteria that allows for the creation of strong and widely held definitions that are applicable to the hypotheses to be tested, and which also allows for sampling approaches that genuinely distinguish between family and non-family businesses, and also accounts for the

heterogeneity within each group. It has also led to the incomparability of research results in relation to family business performance (Rutherford et al, 2008).

Chrisman et al (2005) divided the definitional approaches used by researchers into two main groups. The most commonly used definitional approaches involves 'components of involvement' i.e. criteria on ownership, governance and manage involvement of the family. Ownership in family businesses has been demonstrated to change over time, particularly as the business matures and grows. Gersick et al (1997; cited in Sharma et al, 2014, p.7) described three basic forms of family ownership of business – controlling owner, sibling partnership, and cousin consortium. Landsberg (1999, cited Sharma et al, 2014, p.7) argues that the form of ownership will vary and recycle of time, as well as become dispersed between family and non-family in private or publicly traded businesses.

The other main approaches are termed 'essence' approaches which also include (in addition to family involvement) aspects such as succession intentions, self-identification of the family with the business, unique and synergistic resources, and the preservation of socio-emotional value (De Massis et al, 2012).

A key issue with the components of involvement approach is there is no consensus on thresholds for division between family and non-family firms, resulting in differences in definitional thresholds (Siebels and Kynphausen-Aufseb, 2012). Whilst the essence approach starts with the involvement of the family, this involvement must also be "*directed toward behaviors that produce distinctiveness before it can be classed as a family firm*" (Chrisman et al, 2005, p.55, cited in Siebels and Kynphausen-Aufseb, 2012)

What remains an issue, especially for the focus of this dissertation and my proposed PhD research, is that the theoretical definitions used in the family business field have also, so far, not defined what constitutes a definition of the family, which is a generally contentious area even amongst anthropologists, and has conceptual and definitional boundaries with notions of 'kinship' and 'household' (Stewart, 2014, p.67).

The issue of what constitutes the family becomes ever more difficult as the business moves from founder-manager phase through to ownership and involvement of subsequent generations (De Massis et al, 2012) i.e. nuclear through to extended and inter-family segments. The additional influence of non-involved family and involved non-family on business goal-setting and performance also becomes more complex and difficult to define as the firm ages, grows and moves into inter-generational ownership and governance, as is likely to be the case with family owned MSBs.

2.3 Distinctness of Family Business Research

It is increasingly recognised that the distinctness of family business research is that it sits *"at the intersection of commerce and family"*, and as such it is on the boundaries of different academic fields, requiring research into both the domains of kinship and business (Astrachan, 2010; Sharma, 2004, cited in Stewart & Miner, 2011). Possibly this intersection of paradigms partly explains why family business research still lacks a widely accepted definition of what is a family business, has no dominant theoretical paradigm, and as a result has produced limited empirical consensus to date (Lindow, 2013).

The inherent multidisciplinary nature family business research poses is both an attraction, and an issue, for those working within the field. Furthermore, there is

growing recognition that the research to date has become too skewed towards the business rather than the family or a balanced perspective, with a growing number of scholars, from a range of backgrounds arguing for more attention to paid to the family variable within family business research (Sharma et al., 2014, p.4). An important outcome of this focus on the business rather the family is the level of analysis undertaken has largely been at a firm level, as opposed to individuals or family groups, or multiple firms run by a family. There is now increasing calls for more research to be focused on 'the business family' rather than the 'family business' (Sharma et al., 2014, p.4).

2.4 Prevalence, Contribution and Performance of Family Businesses

The empirical estimates of family business within economies vary significantly due to the definitions used. Shanker and Astrachan (1996; cited in Sharma et al., 2014, p.6) found that the number of family businesses in the United States ranges from 20.3million to 4.1million (a difference of 16.2 million) dependent on whether a broad, mid-range, or narrow definition is used. Astrachan and Shanker (2003, cited in Siebels and Kynphausen-Aufseb, 2012, p.280) also estimated that family firms generate 89% of total tax returns, 64% of GDP ad employ 62% of the total workforce in the US. Whilst Westhead and Cowling (1998; cited in Sharma et al., 2014, p.6) found that the number of family firms in the UK varied from 80% to 15% of all firms depending on the definition used, such as the combination of the generational involvement of family in ownership and management, and the self-perception of the firms' leaders on whether a firm is a family firm or not (Sharma et al., 2014, p.6).

2.4.1 International Estimates of Family Businesses Prevalence and Economic Contribution

The Family Firm Institute (FFI) – was established in 1986, and according to their website⁹ is the leading association worldwide for family enterprise professionals, and has a global network of professionals, educators, researchers, and family business members. FFI also established the 'Family Business Review' Journal, a highly ranked academic journal focused solely on publishing family business research. Family enterprise statistics (drawn from a range of sources) are presented on the Family Firm Institute, Inc website¹⁰, which suggest that:

- Family firms account two thirds of all global businesses (no source provided)
- 70%-90% of global annual GDP is created by family businesses (no source provided)
- 50%-80% of jobs in the majority of countries worldwide are created by family businesses (no source provided)
- European family businesses represent 1 trillion Euros in turnover (60% of all European companies) (Source: KPMG, 2013)
- Family businesses account for 9% of the European Union's GDP (Source: KPMG, 2013)
- Family businesses create over 5 million jobs in Europe (40-50% of all employment) (Source: KPMG, 2013)

2.4.2 Estimates of UK Family Business Prevalence and Economic Contribution

There are a number of estimates, based of a variety of data sources and family business definitions, for family businesses within the UK, some of which cover all

⁹ www.ffi.or/?page=history

¹⁰ www.ffi.org

business sizes and others that are only cover particular size-bands, for example Small and Medium-Sized Enterprises (SMEs). Outlined in Table 1 are the main sources and their estimates of UK family business that have been identified as part of this dissertation work.

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK

Data Source & Family Business Definition	Number of UK Family Business	Employment Contribution
<p>Institute for Family Business (IFB)¹¹ (2011, 2014)</p> <p>The IFB also adopted the EU Expert Group on Family Business (2008) definition (shown in appendix 1), and commissioned Oxford Economics to produce and present the data.</p>	<ul style="list-style-type: none"> • 2010, about 3 million family businesses, representing 66% of all private businesses. • Of the 3 million; 75% are micro with no employees, 22% employ 1-9, 3.1% employ 10-49, 0.5% employ 5-249, and 0.03% employ more than 250 employees 	<ul style="list-style-type: none"> • 2010, was estimated to employ 9.2 million people, accounting for 41% of total private sector employment - nearly double the public sector. • Of this 9.2 million; micro (no employees) accounted for 25.7%, 1-9 employees: 26%, 10-49 employees: 19.5%, 50-249 employees: 14.1%, and large (250+ employees) 14.7%.

¹¹ The Institute for Family Business (IFB) in conjunction with the Unquote Companies Group (UCG) is a not-for-profit membership organisation that supports and represents the UK's family business sector

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK, continued

<p>Data Source & Family Business Definition</p>	<p>Economic Contribution</p>	<p>Profile</p>
<p>Institute for Family Business (IFB) (2011, 2014)</p> <p>The IFB also adopted the EU Expert Group on Family Business (2008) definition (contained in appendix 1), and commissioned Oxford Economics to produce and present the data.</p>	<ul style="list-style-type: none"> • 2010, estimated to have earned £1.1 trillion in revenue, equating to 35.3% of total private sector turnover. • 2010, estimated to have made a value added contribution to Gross Domestic Product (GDP) of £346 billion, 33.6% of private sector GDP, or 23.8% of total economy GDP – more than double the contribution made by the FTSE 100 • 2010, are estimated to have contributed £81.7 billion in tax receipts to the UK Exchequer, 14 per cent of total government revenues in that year 	<ul style="list-style-type: none"> • 2010, the industries estimated to have the highest concentration of family businesses are; agriculture, hunting, forestry, fishing, and extraction and utilities (89.1%); hotels and restaurants (84.9%); and wholesale and retail trade and repairs (77.1%). • 2010, the industries with the highest number of family businesses were; real estate, renting and business activity (988,010), construction (899,180); transport, storage and communication (515,930); wholesale and retail trade, repairs (497, 755).

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK, continued

Data Source & Family Business Definition	Number of UK Family Business	Sales Turnover & Number of Employees
<p>IFB Research Foundation¹² report by Nottingham University Business School and Leeds University Credit Management Research Centre (IFB, 2010)</p> <p>Family Business Definition Used: A firm is considered as a family business if the family has more than 50% of the total shares of the firm and at least one family shareholder is also a director of the firm.</p> <p>Investigated family businesses in the UK for the period 2007-2009 using Companies House data.</p>	<ul style="list-style-type: none"> • Family businesses form around 28% of businesses in the UK among privately held incorporations. • The percentage of non-family firms increases by firm size groups i.e. small, medium and large (based on Companies House submission criteria¹³), in 2009 non-family firms accounted for:70% of small firms; 78% of medium firms; and 85% of large firms 	<ul style="list-style-type: none"> • Average turnover and percentage growth in turnover were both found to be slightly lower for large family firms (cf non-family) but greater among medium sized family businesses. • Average number of employees and average growth in the number of employees were found to be lower amongst medium and large family firms (cf non-family)

¹² **The** IFB Research Foundation with UCG is the only UK charity dedicated to promoting a greater knowledge and understanding of family firms.

¹³ Small firm: annual turnover not over £6.5 million, balance sheet not more than £3.26 million, average employees not more than 50; Medium firm: annual turnover not over £25.9 million, balance sheet not more than £12.9 million, average employees not more than 250

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK, continued

Data Source & Family Business Definition	Profile	Performance & Financial Indicators
<p>IFB Research Foundation¹⁴ report by Nottingham University Business School and Leeds University Credit Management Research Centre (IFB, 2010)</p> <p>Family Business Definition Used: A firm is considered as a family business if the family has more than 50% of the total shares of the firm and at least one family shareholder is also a director of the firm.</p> <p>Investigated family businesses in the UK for the period 2007-2009 using Companies House data.</p>	<ul style="list-style-type: none"> • Family business are more prevalent in agriculture and fishing, manufacture of food products, beverages, textiles, leather, wood products and metal products, retail trade and sale, maintenance and repair of motor vehicles and motorcycles. • Family businesses are evenly distributed among the UK regions (around 30%) with the exception of London where it is around 20%. • Although owner-management decreases with size family firms (cf non-family) have a greater owner-managed percentage especially amongst large sized firms. 	<ul style="list-style-type: none"> • It would appear that family businesses pay less to employees but slightly more to directors (cf non-family), but average dividends paid is significantly lower, with family businesses having higher retained earnings. • Amongst medium and large family firms there is a higher return on assets and profit margin (cf non-family), also that family firms are less leveraged than non-family firms. • Large family firms more likely to exit due to insolvency, whereas small and medium more likely due to non-insolvency related closures.

¹⁴ The IFB Research Foundation with UCG is the only UK charity dedicated to promoting a greater knowledge and understanding of family firms.

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK, continued

Data Source & Family Business Definition	Family Business SME Profile	Family Business SME Performance
<p>Centre for Economics & Business Research (Cebr) commissioned by Barclays Bank (Cebr,2014) – report relates only to SMEs</p> <p>No family business definition given but Business Innovation & Skills (BIS) data (Business Population Estimates & Small Business Survey), along with Office for National Statistics (ONS) and Cebr’s UK macroeconomic model were all cited as data sources.</p>	<ul style="list-style-type: none"> • Although falling back in the recession the number of first generation family SMEs is now estimated to be just below 2008 levels at 2.43 in 2013. • First generation family SMEs are estimated to comprise 81% of all SMEs in 2013 and account for half of all private sector SMEs, and 23% of total private sector employment, at 14.4 million in 2013. • Estimated to be 6,500 medium-sized (50-249 employees) family SMEs, accounting for 620,000 workers. 	<ul style="list-style-type: none"> • In 2013 first generation SMEs were estimated to generate total revenues of £540 billion, equivalent to 16% of total private sector SME turnover. • First generation SMEs are estimated to generate around £180 billion of Gross Value Added (GVA) in 2013. • By sector, first generation SMEs in the business and financial services had the highest share of GVA at £39.4 billion in 2013, with high concentrations of family run first generation at 85%. • Cebr project that first generation family SMEs to reach 2.65 million in 2018, up from 2.42 in 2013.

Table 1 Key Estimates of the Number and Contribution of Family Businesses within the UK, continued

<p>Data Source & Family Business Definition</p>	<p>Family Business SME Profile</p>	<p>Family Business SME Performance & Ownership</p>
<p>Department for Business, Innovation & Skills (BIS) – Small Business Survey 2012 SME Employers: Focus on family businesses (BIS, 2013)</p> <p>Survey report covers findings from businesses with 1-249 employees (around a quarter of total SMEs) and who self-classified as a ‘family businesses’, with responses to the question: “is your business a family owned business?”</p>	<ul style="list-style-type: none"> • 85% of family SMEs employed 1-9 employees (cf 80% non-family); 13% of family SMEs employed 10-49 employees (cf 17% non-family); 2% of family SMEs employed 50-249 employees (cf 3.5% of non-family) • Higher family SME sector concentrations are: retail/wholesale (19%); professional/scientific (13%); construction (12%), and food/accommodation (10%). • Family SMEs more likely to be older with 47% established more than 20 years (cf 31% non-family). • A higher proportion of family SMEs were partnerships at 16% (cf 6% non-family) 	<ul style="list-style-type: none"> • Family SMEs less likely than non-family to expect their workforce to grow in the next 12 months, and a higher proportion of family SMEs expected no change. • Mean family SME turnover was £864,000 (cf £1.3 million amongst non-family SME), fewer family SMEs reported turnover growth in the last year (cf non-family), and were less likely to state they aim to grow their business in the next 2-3 years at 68%, compared to 75% non-family SMEs. • A higher proportion of family SMEs expect full transfer of ownership (17% cf 11% non-family) in the next 5 years.

2.4.3 Issues with Family Business Data Sources

Given the plethora of definitions used for the study of family businesses as outlined in Table 1 it is not surprising that there are often wide variations in the estimated number of family businesses, both within the UK and internationally. Indeed, there are no 'official' that is those produced and disseminated by the Office for National Statistics (ONS) on family business estimates for the UK. Yet, the 'unofficial' estimates i.e. those produced through independent studies, in general, draw on a range of Government departmental (e.g. Business, Innovation and Skills – Small Business Survey, Business Population Estimates) and ONS data sources, such as the Business Structure Database (BSD), as well as Companies House data. Depending on the business coverage used - for example, the inclusion or exclusion of companies with no employees, along with the family business definition and the underlying business data source employed – the estimates of the extent of family businesses range from 66% of all private businesses (IFB, 2011), to 28% of businesses in the UK among privately held incorporations (IFB, 2010). The highest estimate found for this dissertation review was contained within a report by Praxity¹⁵ (an alliance of independent accountants), which estimates within the UK 75% of all businesses in the private sector are family owned, employing 9.2 million people. However, a source for these estimates is not contained in the report, and no data source explanation could be found using a Google search methodology.

It would seem reasonable to question why the business structure by its ownership characteristics, in addition to size and sector, is not featured as a standard data product within ONS data production, and its statistical releases. There is now a growing awareness (within the UK, Europe and more widely) of the importance of business ownership structures for understanding the economic structure, economic

¹⁵ <http://www.garbutt-elliott.co.uk/uploads/attachment/52/family-business-survey-2013.pdf>

growth and to inform economic, and business support, policy. Key areas that are beginning to be seen as important to understand are family businesses economic importance, their sectoral, size and geographic concentrations, their growth, investment, and survival characteristics and how these differ to non-family owned businesses (European Commission, 2009). Within the UK there is now an All Party Parliamentary Group, sponsored by the Institute for Family Business (IFB), 'to promote and facilitate communication and understanding between the UK family business sector and members of both Houses'.

A recent (2012) article by the European Family Businesses¹⁶ highlights this gap in the statistical understanding of the European economic environment, and the issues this presents for European business policy discussions. The paper argues more needs to be done to develop an 'ownership perspective' rather than the 'company size perspective' that currently dominates the EU statistical and policy reports. It recognises that this lack of 'ownership perspective' is in part due to lack of consensus as to what constitutes family businesses, but proposes the definition developed by the EU Expert Group on Family Business (European Commission, 2009) is adopted (see appendix 1), and that Eurostat should start to collect data based on this definition.

2.4.4 Family Business Survival Estimates

A commonly cited statistic, across academic and non-academic articles, (Stamm and Lubinski, 2011; Ernest & Young, 2012) is that only 30% of family firms succeed to the second generation, 10-15% to the third, and only 3% beyond this. However there are a number of issues and aspects that need to be considered to make sense of these seemingly negative statistics. First, general business demography

¹⁶ www.europeanfamilybusinesses.eu

data (ONS, 2012) demonstrates the only 44.5% enterprises newly born in 2007 were still surviving in 2011. Secondly, the often cited 30% survival figure to second generation and 10-15% to the third generation is actually based on a single source; a 2007 study of manufacturing firms in Illinois (KPMG, 2012). Stamm and Lubinski (2011) confirm this based on a literature search designed to trace back the identified family business survival rate references in the academic literature to their original sources. The two main identified sources were Beckhard and Dyer (1983a, 1983b) and Ward (1987), who concludes from his study that, *“fewer than 30 per cent of successful family businesses make it to the third generation, and fewer than 15 per cent make it through this generation”* (Stamm and Lubinski, 2011, p.119)

Additionally, a recent empirical study (Franks et al, 2011) analysed the evolution, over time and across countries, (UK, France, Germany and Italy) of the family control in listed and private firms. The results highlighted a key difference between the UK, and other countries within the study group, in that the probability of survival of family firms decreases with age in the UK, while it increases in the other countries. In the UK a family controlled firm at incorporation, if it survives, has a 75% probability of remaining within the family forty years later, and a 30% probability of remaining a family firm 150 years later, whereas in the other countries, if it survives, it will remain family controlled throughout time (Franks et al, 2011). Franks et al (2011) also note that investment, and Merger & Acquisitions (M&A) activity, in the UK leads to the disappearance of family firms, but this is not the case in the other countries studied. Also that UK family firms are concentrated in industries that have low investment opportunities, low need for external financing, and low M&A activity.

Finally, in line with more consideration of the ‘business family’ rather than the ‘family business’ is the concept of ‘enterprising families’ that create multiple

businesses, often organised into business groups, by a single enterprising (often extended) family that is emerging within the family business literature. The issue of survival, in this context, would then switch from the family ownership within a single business to family survival within business (Rosa et al, 2014, p.365). This would further complicate measurements of family business survival, as although a single business may move out of the control of the owning family; this would not necessarily represent the removal of the family from business, but only a family business transition.

2.4.5 Reports and Surveys of UK, and International, Family Businesses – Key Findings

A number of non-academic organisations have conducted recent research (since 2010) into the UK, and International, family business population, their unique characteristics and the specific issues and challenges they face. The key findings from these reports are summarised in Tables 2 & 3.

The findings from the review of quantitative reports focused on family businesses, along with findings from the wider literature review presented in sections 3 and 4 of this dissertation were used to inform content analysis work that was undertaken on two sets of reports, one set created by the Institute for Family Business (IFB) Research Foundation, and the other set by Family Business Solutions (IFB), a UK based commercial business consultancy specialising in supporting family businesses. The findings from this content analysis work are presented in section 2.4.6., and are complementary analysis to that contained in Tables 2 & 3.

**Table 2 Review of the Key Findings from International Family
Business Surveys**

Report/Survey Details	Report/Survey Key Findings
<p>Author: Ernest & Young in collaboration with the Family Business Network international (FBN-I)</p> <p>Report title: Built to last: Family businesses lead the way to sustainable growth</p> <p>Publication Year: 2012</p> <p>Source of Findings: Survey of 280 FBN-I members conducted June 2012, and across 33 countries</p>	<ul style="list-style-type: none"> • The majority of businesses surveyed expected to grow their revenue – of those that are growing fast most put this success down to being a family business. • The ability to take a long-term view was the single most cited factor in relation to perceived business success. • The biggest cited risk was the economic environment, with business conditions the most cited reason for changes to management structures. • Around third report it has become more difficult to access finance to support growth and innovation. • There appears to be a mismatch between the intentions of family generations in charge of the business to pass the responsibilities to the younger generation, and the younger generations expressed intention of succeeding into the family business. • Sustainability and philanthropy are both stated as core principles within a majority of the family businesses surveyed.

**Table 2 Review of the Key Findings from International Family
Business Surveys, continued**

Report/Survey Details	Report/Survey Key Findings
<p>Author: PwC</p> <p>Report title: Family Firm: A resilient model for the 21st century</p> <p>Publication Year: 2012</p> <p>Source of Findings: PwC Family Survey of almost 2,000 family firms across the world (around 100 in UK) conducted in 2012</p>	<p>Survey report summarises the findings into the following unique characteristics of a family business:</p> <ul style="list-style-type: none"> • Longer-term thinking and a broader perspective – 72% of respondents believe family businesses contribute to economic stability. • Quicker and more flexible decision-making – than multinational competitors, which has allowed them to exploit gaps and weather the economic downturn better. • An entrepreneurial mind-set – 63% see themselves as entrepreneurial and 47% that family businesses reinvent themselves with each new generation. • A greater commitment to jobs and the community – 77% believed that family firms have stronger sense of responsibility to create jobs, and retain staff in tough times, which they see as creating greater loyalty and commitment from employees, and 70% agree that community initiatives are important to a family firm. • A more personal approach to business on trust – 78% of those surveyed believes a family firm’s strength (and SCA) comes from its culture and values, rising to 85% amongst third generation firms.

Table 3 Review of the Key Findings from UK Family Business Reports

Report/Survey Details	Report/Survey Key Findings
<p>Author: PwC</p> <p>Report title: Fostering family value(s)</p> <p>Publication Year: 2012</p> <p>Source of Findings: Based on interviews with 93 managing directors and supervisory directors of family businesses in the Netherlands, focused on the subject of managing culture and behaviour – discussions were structured using a Q-sort methodology</p>	<p>Differences in emphasis in the governance of culture and behaviour in family firms is summarised across three broad dimensions:</p> <ul style="list-style-type: none"> • Building – (ongoing) development, support and monitoring of the founders’ culture and traditional values; Binding – Binding of the family, family shareholders and stakeholders; Managing: Professional leadership and development of the family business. PwC also add a fourth dimension – Embedding: the embedding of culture and behaviour within the family business. <p>Value dimensions together create the following approach:</p> <ul style="list-style-type: none"> • New Leadership – the notion of stewardship and the notion of value creation as being broader than profit maximisation i.e. creation of value for all stakeholders; • Family values as a source of strength – which from the driving force behind the culture of sustainability, and are produced by the reciprocal interaction of the family and business; • Family Governance – ability of the culture to flexibly adapt the culture to changing circumstances • External Reporting – importance of corporate governance code, and retention of their own governance

**Table 3 Review of the Key Findings from UK Family Business Reports,
continued**

Report/Survey Details	Report/Survey Key Findings
<p>Author: Institute for Family Business Research Foundation, with UCG – conducted by City University London, Cass Business School</p> <p>Report title: Family Business People Capital</p> <p>Publication Year: 2013</p> <p>Source of Findings: Analysis of data from the UK government’s Workplace Employment Relations Study 2011 – focusing on people capital in family firms – defined as “the strength of knowledge, skills, behaviours, energy, loyalty and commitment which exists within the non-family members of a family business”. Findings are a comparison of people capital in family firms compared to non-family firms – three definitions are provided to distinguish; owner-managed family businesses; owner-governed family businesses; and non-family owned businesses</p>	<p>Key findings from the WERS 2011 data analysis for owner-managed family businesses show that they are:</p> <ul style="list-style-type: none"> • More likely to regard their managers as a good at responding to suggestions and allowing them to influence final decisions; • More likely to report managers can be relied on to keep their promises and treat employees fairly; • Report greater job satisfaction with regard to the sense of achievement they get from their work, the scope they have for using their initiative and the amount of influence they have over their jobs; • Report greater loyalty to their business; • Are more satisfied with their job security; <p>But the analysis identified a number of people capital improvement areas:</p> <ul style="list-style-type: none"> • Owner-managed family businesses provide less training for employees; • Family businesses report lower financial performance, and fewer HR best practices; • Family businesses less likely to have an HR strategy to improve people capital.

**Table 3 Review of the Key Findings from UK Family Business Reports,
continued**

Report/Survey Details	Report/Survey Key Findings
<p>Author: Institute for Family Business research Foundation, in partnership with FBN-I – conducted by M Institute</p> <p>Report title: Sustainable Value Creation</p> <p>Publication Year: 2012</p> <p>Source of Findings: Secondary analysis and interviews with family businesses focussed on understanding how a firm sets itself on a path to sustainable value creation – builds on a prior FBN-I survey finding that 72% of respondents indicated they had a corporate strategy relating to environmental, social and governance (ESG) issues.</p> <p>Sustainable value creation is defined as “The behaviours and actions of an organisation across multiple financial and non-financial dimensions in order to manage the risks and opportunities associated with economic, environmental and social developments”</p>	<p>The report identifies a “four keys” framework to introducing value creation (across multiple dimensions, including nonfinancial ones) within the management of an organisation that creates and sustains long term value:</p> <ol style="list-style-type: none"> 1. Operating efficiency is a sustainability virtue - but evaluation needs to go beyond financial or physical assets, and include other aspects such as the use of natural capital; 2. Sustainability attracts and retains the best people – evidence suggests that the best employees want to work for companies that they can believe in; 3. Public forums and government actions are driving sustainability - companies are increasingly working together in cross-industry bodies to promote responsible business; 4. Sustainability requires balancing short and long-term objectives – the best organisations drive short term performance within a long-term vision and goals for the organisation: family businesses seen to have a natural advantage at achieving this.

**Table 3 Review of the Key Findings from UK Family Business Reports,
continued**

Report/Survey Details	Report/Survey Key Findings
<p>Author: Institute for Family Business research Foundation in partnership with Tomorrow's Company</p> <p>Report title: Family Business Stewardship</p> <p>Publication Year: 2011</p> <p>Source of Findings: Report findings are informed by the Tomorrow's Company stewardship principles, secondary and primary research with family business leaders.</p> <p>Tomorrow Company defines stewardship as: "the active and responsible management of entrusted resources now and in the longer term, so as to hand them on in a better condition".</p>	<p>The report makes the case that what makes the best family businesses different in their pursuit of success can be described in terms of four types of stewardship:</p> <ol style="list-style-type: none"> 1. Family Capital – attachment to the business that goes beyond a financial relationship, owners transmit their vision and values across a generation, which creates a business with a clear identity and personality. 2. People Capital – knowledge, skills, behaviours, energy, loyalty and commitment which exist within the non-family members of a family business, and their identification and sense of belonging. 3. Financial Capital – prudence combined with a sense of financial responsibility towards future generations. Also the freedom of the owners and boards to define success in their own terms. 4. Social Capital – the trust and reciprocity embedded in relationships grown through a deep and enduring link between the business and those around it, to mutual advantage.

**Table 3 Review of the Key Findings from UK Family Business Reports,
continued**

Report/Survey Details	Report/Survey Key Findings
<p>Author: McKinsey (Quarterly)</p> <p>Report title: The five attributes of enduring family business</p> <p>Publication Year: 2010</p> <p>Source of Findings: No information is given as to the basis on which the five (overlapping) attributes have been derived.</p>	<p>The report outlines the report authors view of the five attributes in a family business that lead to long-term success:</p> <ol style="list-style-type: none"> 1. Family – to survive over generations the ethos and purpose must become shared, with written agreements that address issues such as the composition and election of the company’s board, board decisions, family members working in the business etc. Report states that long-term survivors usually share a meritocratic approach to management. 2. Ownership – raising cash for investment balanced against the family’s cash needs is an area for conflict, the report states that enduring family businesses regulate ownership issues, e.g. through shareholders’ agreements. 3. Governance and the business portfolio – clear rules and guidelines anchor family business strategies, of which two success factors are frequently mentioned by business leaders; strong boards and a long-term view couple with a prudent but dynamic portfolio strategy. 4. Wealth Management – Beyond the core holdings, families need strong wealth management capabilities to manage business (and their personal wealth) risk. 5. Foundations – Charity and the sharing of wealth through social responsibility actions is seen as an important element of family businesses, and providing a role for those family members that don’t work in it.

2.4.6 Content Analysis of Two Sets of Family Business Support Documents

A web search was undertaken, during the month of July 2014, using key words such as “family business”, “support”, “consultancy”, “networking” to identify the main umbrella and business support bodies working with family businesses in the UK. The main bodies identified from this search were:

- The Institute for Family Business (Research Foundation) – umbrella, research and lobbying body;
- UK Family Business Alliance – membership and networking body;
- The Family Business Network – membership and networking body;
- Family Business Solutions – commercial business consultancy.

The website content for each of these organisations was then reviewed to identify any documents that either summarised family business issues or articulated common challenges, and/or were intended to support family businesses in addressing one or more identified family business issues. This process identified two sets of documents that met the above criteria, and were assessed as suitable for further textual and key word content analysis. The two sets of identified reports are as follows:

1. IFB, August 2014¹⁷ – a set of 11 reports each summarising a common family business challenge, with supporting family business case studies, and advice for family businesses seeking to address each issue. The report titles are:
 - Understanding Family Business;
 - Maintaining Family Values;
 - Developing Stewardship;

¹⁷ Reports can be located using the following web-link - <http://www.ifb.org.uk/research-foundation/family-business-challenges.aspx>

- Managing Differences;
- Building Family Governance;
- Managing Communication: Owners and the Board;
- Fostering Entrepreneurship;
- Professionalising the Board;
- Working with Non-Family;
- Engaging the Next Generation;
- Planning Succession;
- Selling the Family Business.

2. Family Business Solutions Ltd, 2013¹⁸ – a set of four reports that cover four aspects of importance to a family business, and advice for how family businesses can address these:

- Ownership of a Family Business;
- Your Guide to a Family Constitution;
- Passing the Baton – A Round Table Discussion;
- Women in Family Enterprises – A Round Table Discussion.

Both sets of reports were read through to confirm there was a focus on key challenges and advisory requirements faced by UK family businesses. These documents offer insights into what is considered of importance to the effective functioning of family businesses. Whereas, the previous report review (Tables 2 & 3) was more quantitative in focus, and from an economic contribution perspective. Thus the content analysis of these two sets of documents was not only informed by the quantitative report review, and the wider literature review, it was also designed to be complementary.

¹⁸ Reports can be located using the following web-link - <http://www.fbs-global.com/readarticles.php>

In line with established content analysis practice (Miles & Huberman, 1982) a key word(s) analysis of these two sets of reports was first undertaken, and then subsequently grouped into overarching categories/themes. The overarching categories were developed through the review of the sentence context that resulted from the key word analysis.

The key words selected for the content analysis were informed by the review of quantitative family business reports provided Tables 2 and 3, the wider literature review presented in sections 3 and 4, and by reading through and noting key words within both sets of reports. This resulted in two sets of key words i.e. two coding frames (Miles & Huberman, 1982), one for the IFB documents and one for the FBS documents. These two coding frames are a reflection of, but also account for, differences in the content focus between the two sets of documents. These coding frames also reflect a considerable content overlap between the two sets of documents.

The two groups of key words were then input (coded) into the content analysis software QDA Miner lite v1.3¹⁹, and run against the appropriate set of documents. The resulting frequency data for the IFB documents is shown in Table 4 and for the FBS documents in Table 5. The results obtained have been ordered to show the most frequent word counts through to the least. The content analysis results shown in Tables 4 and 5 demonstrate that there are a number shared document themes relating to ownership, governance, communication, conflict, and goals and shared values.

¹⁹QDA Miner lite is a free software developed by Provalis Research that can be downloaded from their website

Table 4 Content Analysis of the Institute for Family Business (with UCG), Family Business Challenge Documents, August 2014

Category	Code	Count	% Codes	Cases (IFB docs)	% Cases
FBS Performance	Challenges	129	11.90%	11	100.00%
FBS Structure	Board	109	10.00%	11	100.00%
FBS Structure	Governance	106	9.80%	11	100.00%
Renewal of Family Bonds	Succession	79	7.30%	11	100.00%
FBS Structure	Family Governance	68	6.30%	11	100.00%
Renewal of Family Bonds	Next generation	53	4.90%	11	100.00%
FBS Dynamics	Conflict	36	3.30%	5	45.50%
FBS Dynamics	Communication	36	3.30%	11	100.00%
Stewardship	Generations	31	2.90%	11	100.00%
Identification of family to firm	Family Values	32	2.90%	11	100.00%
FBS Performance	Performance	32	2.90%	11	100.00%
FBS Performance	Opportunities	32	2.90%	11	100.00%

Table 4 Content Analysis of the Institute for Family Business (with UCG), Family Business Challenge Documents, August 2014, continued

Category	Code	Count	% Codes	Cases (IFB docs)	% Cases
Identification of family to firm	Vision	30	2.80%	11	100.00%
Family Business Goals	Wealth	30	2.80%	11	100.00%
FBS Structure	Leadership	25	2.30%	11	100.00%
Identification of family to firm	Culture	24	2.20%	9	81.80%
Entrepreneurship in FBS	Entrepreneurial	24	2.20%	2	18.20%
FBS Performance	Family business Performance	22	2.00%	11	100.00%
FBS Structure	Corporate governance	22	2.00%	11	100.00%
Stewardship	Long term orientation	18	1.70%	8	72.70%
Stewardship	Sustainability	15	1.40%	11	100.00%
FBS Structure	Structure	15	1.40%	9	81.80%
FBS Structure	Stakeholders	13	1.20%	11	100.00%
Stewardship	Legacy	10	0.90%	5	45.50%

Table 4 Content Analysis of the Institute for Family Business (with UCG), Family Business Challenge Documents, August 2014, continued

Category	Code	Count	% Codes	Cases (IFB docs)	% Cases
Stewardship	Success	10	0.90%	7	63.60%
Family Business Goals	Goals	10	0.90%	5	45.50%
Non-family Influence	Advisors/Advice	10	0.90%	5	45.50%
Identification of family to firm	Business Values	7	0.60%	4	36.40%
Identification of family to firm	Core/Common Values	6	0.60%	2	18.20%
Family Business Goals	Growth	7	0.60%	6	54.50%
FBS Performance	Competitive advantage	6	0.60%	4	36.40%
Identification of family to firm	Pride	4	0.40%	4	36.40%
FBS Dynamics	Parenting	4	0.40%	1	9.10%
Family Business Goals	Family goals	3	0.30%	3	27.30%
Family Business Goals	Economic	3	0.30%	2	18.20%
FBS Dynamics	Honesty	3	0.30%	3	27.30%
Family control and influence	Family control	2	0.20%	2	18.20%

Table 4 Content Analysis of the Institute for Family Business (with UCG), Family Business Challenge Documents, August 2014, continued

Category	Code	Count	% Codes	Cases (IFB docs)	% Cases
Family control and influence	Spouses	2	0.20%	2	18.20%
Emotional attachment of family members	Emotional aspects	2	0.20%	2	18.20%
Renewal of Family Bonds	Renewal	2	0.20%	2	18.20%
Family Business Goals	Business goals	2	0.20%	2	18.20%
FBS Dynamics	Sibling rivalry	2	0.20%	1	9.10%
FBS Dynamics	Transparency	2	0.20%	2	18.20%
FBS Dynamics	Entitlement	2	0.20%	2	18.20%
Identification of family to firm	Personal Values	1	0.10%	1	9.10%
Identification of family to firm	Guiding values	1	0.10%	1	9.10%
Entrepreneurship in FBS	Innovation	1	0.10%	1	9.10%
Entrepreneurship in FBS	Adaptability	1	0.10%	1	9.10%
FBS Dynamics	Cohesion	1	0.10%	1	9.10%

Table 5 Content Analysis of the Family Business Solutions Ltd, Four Documents, 2013

Category	Code	Count	% Codes	Cases (FBS Docs)	% Cases
Family Business Governance	Shares	112	19.30%	4	100.00%
Family Business Goals	Custodian (two main types of owners other is value-out)	40	6.90%	3	75.00%
Family Business Dynamics	Conflict	38	6.60%	4	100.00%
Family Business Goals	Financial	32	5.50%	4	100.00%
Family Business Dynamics	Interests	32	5.50%	4	100.00%
Family Business Governance	Spouses	26	4.50%	3	75.00%
Family Business Goals	Financial Investment	26	4.50%	3	75.00%
Family Business Management	Career (entry and progression)	22	3.80%	3	75.00%
Family Business Goals	Future	21	3.60%	4	100.00%
Family Business Governance	Risks	20	3.40%	4	100.00%
Family Business Governance	Opportunity	20	3.40%	4	100.00%
Family Business Goals	Value-Out	20	3.40%	2	50.00%
Family Business Communication	Understanding/Misunderstanding	20	3.40%	4	100.00%

Table 5 Content Analysis of the Family Business Solutions Ltd, Four Documents, 2013, continued

Category	Code	Count	% Codes	Cases (FBS Docs)	% Cases
Family Business Goals	Plan	19	3.30%	4	100.00%
Family Business Governance	Transfer of Ownership	14	2.40%	3	75.00%
Family Business Governance	Informal	13	2.20%	2	50.00%
Family Business Governance	Legacy	12	2.10%	4	100.00%
Family Business Communication	Understanding	12	2.10%	4	100.00%
Family Business Values	Emotional	10	1.70%	3	75.00%
Family Business Dynamics	Family Glue	10	1.70%	3	75.00%
Family Business Governance	Formal	9	1.60%	2	50.00%
Family Business Dynamics	Expectations	9	1.60%	3	75.00%
Family Business Goals	Philanthropy	6	1.00%	2	50.00%
Family Business Goals	Long-term	5	0.90%	2	50.00%
Family Business Values	Attitudes	5	0.90%	2	50.00%
Family Business Dynamics	Adaptability	5	0.90%	2	50.00%
Family Business Governance	Complex	4	0.70%	2	50.00%

Table 5 Content Analysis of the Family Business Solutions Ltd, Four Documents, 2013, continued

Category	Code	Count	% Codes	Cases (FBS Docs)	% Cases
Family Business Goals	Non-economic growth	4	0.70%	3	75.00%
Family Business Dynamics	Harmony	4	0.70%	2	50.00%
Family Business Dynamics	Family Bond	3	0.50%	3	75.00%
Family Business Governance	Multi-generational	2	0.30%	2	50.00%
Family Business Governance	Nuclear family	2	0.30%	2	50.00%
Family Business Communication	Misunderstandings	2	0.30%	1	25.00%
Family Business Governance	Network	1	0.20%	1	25.00%

2.5 Prevalence, Contribution and Performance of UK Mid-Sized Businesses

A systematic literature search conducted for this dissertation, using Aston Library Smart Search and the key words “mid-sized businesses” confirms that there is little academic research that focuses on understanding the small number, but highly economically significant²⁰ group of MSBs. The only returns this search produced were for non-academic journal articles.

Similar to the family business estimates presented earlier, there are also a range of definitions and estimates in relation to Mid-Sized Businesses (MSBs). The Department for Business, Innovation and Skills (BIS), as part of the MSB strand of the 2011 Government Growth Review, used a definition of MSBs based on a turnover size of £25-£500 million a year. Using this definition BIS estimated that in 2010, there were around 10,000 MSBs, this compares to 666 larger firms and around 4.5million smaller firms and enterprises. Also, BIS (2011) estimated that half of these MSBs are in the £25-50 million turnover band, but also that half of MSBs had fewer than 250 employees. This means that the BIS MSB definition creates a considerable overlap between ‘smaller’ MSBs and the larger end of the SME business population (i.e. those employing less than 250 employees).

The BIS MSB analysis of the ONS Business Structure Database, matched against the BvD Financial Accounting Made Easy (FAME), which was undertaken by Hart et al (2011) provides estimates of the number of MSBs that are family owned using a broad and narrow definition. The broad measure of family ownership is defined as UK owned with less than 5 shareholders, as reported in FAME, whilst the narrow measure is defined as UK owned and with one director having 50% or

²⁰ Mid-sized businesses, using the Department of Business, Innovation and Skills (BIS) definition and evidence MSBs represent just over 0.2% of all UK firms yet account for a fifth of private sector employment and turnover

more of shareholding, as reported in FAME. Based on these measure definitions, the proportion of MSBs that are family owned according to the broad measure was 64%. Based on the narrow measure data analysis is only possible amongst MSBs with a turnover of £25m-£100m. However, the narrow measure suggests that only 13% are family owned in the £25m-£100m MSB group, furthermore this MSB group accounts for around three-quarters of MSBs within this definitional, and analysis group, population.

Additionally, BIS is not the only organisation to estimate the number and contribution of MSBs in the UK, Table 6 below summarises the main MSB data sources identified for this dissertation, and an overview of the key data they provide. Not contained in Table 6 is an estimate of MSBs by GE Capital (2011) undertaken by Warwick University and ESSEC Business School as, although it states its sources as Eurostat and BvD Amadeu databases, no clear MSB boundary definition is provided – *“The definitions of middle market firms follow an intuitive yet objective methodology using inflection point analysis at local market level to pinpoint the section of the economy that could be described as mid-market”* (GE Capital, 2011, p.14).

Using the above described MSB boundary GE Capital (2012) estimate that there are roughly 21,500 mid-market firms in the UK, accounting for 1.4% of total companies, and contributing 32% to private sector GDP. They also estimate that these firms employ 10.9 million people or 3.4% of the workforce, and generate annual sales of £1.7 trillion, representing 32.2% of total private sector revenues.

GE Capital have also undertaken two large scale surveys (2012, 2014) of MSBs, within Europe including the UK (1,000 interviewed in the UK, 2014), their latest survey highlighted the following aspects and issues for UK MSBs:

- UK mid-market firms grew sales by an average of 3.5%, creating over 202,000 new jobs, with more rapid growth anticipated in the next year (anticipated 6.1% sales increase);
- The growth in job creation may be being driven in part by 're-shoring', with 26% of mid-market firms in the UK intending to re-shore some activity over the next three years;
- Mid-market firms in the South East, London, the East of England and East Midlands are out-performing other regions;
- Seven out of ten UK mid-market firms generate a proportion of their sales from abroad, with nearly half hoping to enter new markets in the coming years;
- Cost pressures and the need to reduce overheads remain dominant concerns amongst those surveyed in the UK, with the top four barriers to growth relating to the recruitment and retention of technical and managerial talent.

Table 6 UK MSB Estimates & their Economic Contribution

<p>Source & Definition</p> <p>Details</p>	<p>UK MSB Profiles</p>
<p>Source: Department of Business, Innovation and Skills (BIS)</p> <p>Year & Data Source: 2011, Aston University & BIS analysis of BSD/IDBR data</p> <p>MSB Definition: Sales Turnover of £25m-£500m</p>	<ul style="list-style-type: none"> • In 2010, estimated to be 10,000 MSBs, half of which have a turnover below £50m, 44% with a turnover of £50m-£250m, and 6% £250-£500m. Additionally, it is estimated that 10-15% of MSBs are part of larger groups with turnover greater than £500m a year. • In comparison to small and large businesses the number of MSBs have grown more rapidly since 2005, and not declined since the recession, accounting for about 0.2% of all businesses in the UK, but also account for 20% of UK private sector turnover, in 2010. • Manufacturing features strongly within the sectoral composition of MSBs accounting for 31% of MSB employment, this compares to 19% of UK employment in manufacturing. • Of the 2010 MSB cohort, more than two-thirds were born before 1998, but only a quarter had been a MSB before 1998 and remained so in 2010 – typically MSBs are born as relatively small SMEs. • In each year since 2006, 40% of MSBs have a declining sales growth, half real growth (5-10%) and a fifth have growth of 20% plus, but job creation has remained fairly stable but MSB contribution to UK job creation has declined from 718k jobs in 1997 to 236k jobs in 2009. Also MSBs under-represented amongst highest growth firms in the UK.

Table 6 UK MSB Estimates & their Economic Contribution, continued

Source & Definition Details	UK MSB Profiles
<p>Source: Grant Thornton – research conducted by Cebr</p> <p>Year & Data Sources: 2014, Agents of Growth: The power of mid-sized businesses</p> <p>MSB population estimates from BIS Population Estimates/BvD FAME Database/Cebr analysis, and issues from ICAEW/Grant Thornton Confidence Monitor</p> <p>MSB Definition: Mid-market – businesses employing 50 -499 employees</p>	<ul style="list-style-type: none"> • 2013, estimated to be 34,100 MSBs based on 50-499 employee definition in the UK (again, this definition overlaps with the SME definition i.e. below 250 employees), employing 4.2 million people, creating 124,000 jobs 2012-2013. Have an annual turnover of £712 billion accounting for 22% of total private sector turnover in 2013. • In 2013, MSBs estimate to have contributed £305 billion to UK GDP, up 7.7% on 2012, of which £270 billion is estimated to value added, and contributed £160 billion into UK economy through wages etc • On average MSBs are 18 years old and around 1 in six are owned directly by a family or individuals, with many more owned independently through other companies. 71% of UK MSBs are owned by British companies or by individuals. • Also finds that MSBs have been growing more rapidly in numbers, in 2007-2013 there was a -0.9% reduction in SMEs, a 1.6% growth in the number of large businesses, but a 5.4% growth in MSBs. • MSBs have a better productivity per employee profile (£171,000) compared to small and large UK businesses, but it is lower than in some leading EU countries. MSBs contribute £36 billion to total UK exports, but only 20% have international expansion plans.

Table 6 UK MSB Estimates & their Economic Contribution, continued

Source & Definition Details	UK MSB Profiles
<p>Source: HMRC – Behavioural Evidence & Insight Team</p> <p>Year & Data Sources: 2014, Understanding mid-size businesses – Research report 305</p> <p>Internal HMRC consultation interviews, 4 case studies, and a telephone survey of 1,860 MSBs focusing on tax and compliance issues</p> <p>MSB Definition: Businesses within the UK with a £10m-£200m turnover and/or more than 20 employees.</p>	<ul style="list-style-type: none"> • From the project findings HMRC created a four tier model of MSBs: Most significant in size/complexity (6%); Significant (16%); Substantial (29%); Simpler (6%); Simple businesses – less employees (43%). The main HMRC report findings are: • The average turnover is just above the £10 million threshold at £11.58 million, and 2 out of 3 businesses had a turnover below £10 million but met the criteria by employing more than 20 employees. The average number of employees was 98. • MSBs were more likely to be single entities than groups, and dominated by limited companies and private ownership. • Although there is a UK trading focus, 1 in 3 offer products and services internationally, with more than half of businesses operating in five sectors: health and social work activities, other service activities, wholesale and retail trade, manufacturing and professional, scientific and technical activities. • Based on the last two tax years, MSBs are more likely to be growing than declining; two thirds increased and one third reduced their turnover. Business ‘events’ most experienced were; cash-flow problems, profit reduction, and significant capital investment.

2.5.1 Recent UK Government Research on Mid-Sized Businesses

The majority of academic family firm research has either focused on Small and Medium Sized Enterprises (SMEs) or the large and mainly publically listed companies (De Massis et al, 2013).

Statistical evidence gathered for the MSB strand of the Government's Growth Review suggested it is owner-managed and family owned, and mostly family run, businesses that are more likely to have untapped, or latent, growth potential, compared to non owner-managed and non-family owned and managed (Hart et al, 2011).

Whilst qualitative research by the Centre for Enterprise and Economic Development Research (CEEDR) Middlesex University (North et al, 2011), on behalf of BIS for the Growth Review, found that family owned and operated MSBs were within the middle tier of business performers that were examined in their case studies. Family businesses selected to be case studies in this research were characterised by moderate growth aspirations, steady performance, even when they are operating within poorer performing sectors such as construction and property, and had prudent financial management. These results also support the view that although family owned and run firms are less likely to exhibit growth they may be more stable and resilient even in an economic downturn.

Additionally, the evidence gathered for the MSB strand of the Government's Growth Review (BIS, 2011), showed that nearly all MSBs have growth aspirations but more than half have stable or falling turnover, and that more analysis is needed to establish why this is the case. Other key findings were that MSB growth is discontinuous, but the sector and level of business exporting are key determinants

of growth. It also found that larger MSBs have performed particularly well, but that access to external finance has been an obstacle to growth for many MSBs.

The Government now views MSBs as a vital²¹ part of the UK economy, combined with evidence of untapped growth potential in many of these businesses (BIS, 2011, CBI, 2011). CBI research suggests that up to £50bn could be added to GDP within ten years if latent MSB growth potential were unlocked, yet it is now recognised by Government that MSBs have been largely over-looked in policy and support interventions to date.

The BIS Growth Review: Mid-sized business evidence base (BIS, 2011) found that some of the barriers to growth facing MSBs are similar to other size groups, but some are unique, such as; export performance has not improved, investment has been on a significant downward trend, and there is evidence of lower management capability than their key competitors. BIS (2011) states that those MSBs which want to grow into large firms face the inter-related challenges of developing the professional management and formal structures and processes, and access to wider forms of finance available to larger firms.

Research by BIS (May 2014) based on interviews with forty family businesses employing 10-250 staff, considered findings in relation to the German Mittelstand, which is held as a model for UK mid-sized businesses to emulate. The research found that there are a number of aspects in which those interviewed are similar to the German Mittelstand:

- Emphasis on longer term objectives, stability and sustainability;

²¹ BIS Growth Review states that MSBs represent just over 0.2% of all UK firms yet account for a fifth of private sector employment and turnover, also that previous research has identified that the UK has a long tail of under-performing companies

- Prudent financial strategies, with emphasis on retained earnings and reluctance to lose control via equity investment;
- Strong relationship with employees;
- Emphasis on quality and best practice among manufacturers;
- Family succession seen as ideal, but for the majority succession is more likely to go outside of the family in practice;

The research also found UK businesses differed from the Mittelstand profile in the following ways:

- Lower levels of product and process innovation;
- Little use of government funded support;
- Looser and poorer described relationships with their banks.

2.5.2 Other Research on Mid-Sized Businesses

Although MSBs have become more visible within UK policy in recent years they have been identified as a key, and distinct, business population group since the seminal work of Hermann Simon (1992; 1996), who first introduced the phrase 'Hidden Champions' in relation to German MSBs. He found that Germany's position as number one world exporter (at that point in time) could not be explained due to its few large corporations as they had similar profiles to those outside of Germany. His research concentrated on 500 smaller mid-sized companies which he found to be often market leaders in niche areas, with strong exporting profiles, having attained this position through innovation, rather than cost leadership. Simon (1992) found that despite many of these 'Hidden Champions' having world market shares ranging between 70-90% and significantly contributing to Germany's trade surpluses, they remained hidden for two key reasons; they are part of the value chain meaning their products are subsumed within the end products, and also out

of choice. Simon's (1996) research led him to suggest there are three criteria to qualify as a hidden champion:

1. It must occupy the number one or number two position in its world market or the number one position in its European market;
2. Generate no more than \$1billion in sales revenue;
3. And, have low public visibility and awareness;

Simon's (1996) work led to his three circles conceptual model shown in Figure 1 which summarises the characteristics of 'Hidden Champions'. At the core of their operations is strong and ambitious leadership, focused on a narrow market area but with deep understanding and market penetration that is achieved through innovation and high performance working practices. Innovation and higher levels of internationalisation of operations and exporting is achieved through a global outlook alongside strong and close relationship with their customer base, which creates targeted innovation and high performance only in the key aspects that matter to their customers.

Figure 1 Three Circles Model of Hidden Champions



http://www.rieti.go.jp/en/special/p_a_w/018.html

The report Medium-Sized Enterprises in Europe (2013) provides evidence from the second survey (2013, previously conducted in 2010) of medium European manufacturing companies (referred to in the report as MSEs). This research gathers economic and financial statistics to compare the structure of this size of enterprise across four European countries; France, Germany, Italy and Spain. Due to differences in how MSEs are defined within each country e.g. in France by employment (250 to 4,999 employees) and turnover (below €1.5bn) and Germany where Mittelstand are recognised largely on qualitative features, it date this has meant that cross country comparisons are largely spurious. This research aimed to bring in a consistent definition featuring both quantitative thresholds and ownership structure to allow for cross country comparison.

The research found the following key issues in relation to MSEs:

- Their relative importance and role in their national economies, and within regional localities;
- Their relative efficiency in comparison with the overall economy;
- Reducing economic efficiency (as measured by net value added per employee) as firm size increases, apparent across all countries but significantly so in Germany, France and Spain.

3 Literature Review – The Main Theoretical Frameworks & Relevant Models Used in Family Business Scholarship

This section of the dissertation aims to provide the key theoretical frameworks that are prevalent, and relevant, to the study of family business research. It highlights the lack of family theory within the current literature, along with a rationale for the chosen theoretical frameworks to be drawn on in the proposed empirical work.

3.1 Dominant Theoretical Frameworks & Lack of Family Theory within Academic Family Business Research

A number of systematic literature review undertaken by scholars working in this field demonstrate that Agency Theory²² (AT) and the Resource Based View/Theory²³ (RBV/RBT) of the firm have been the main theoretical frameworks used within family business research to date (Debicki et al, 2009; Lindow, 2013; De Massis et al, 2012). Lindow (2013) in a recent performance focused literature review found that 63% of the studies used agency-theoretic reasoning, 12% resource-based theory and 7% stewardship, with the remainder drawing on a number of other theories. Other family business scholars (Chrisman et al, 2010; cited in Schilippe and Schneewind, 2014, p.47) also highlight that Agency Theory and RBV are also both dominant in general business orientated research especially that which seeks to explain performance differences. Sharma (2011; cited in Schilippe and Schneewind, 2014, p.47) highlights that although a number of other theoretical perspectives are beginning to be used; for example, behavioural agency, configurational approach, socio-emotional wealth, social identity theory; the integration of these perspectives is still a long way off.

²² Agency theory is mainly used to explore the relationship between a firm's ownership and management structure and its financial performance - managers are assumed to act in their own self interests at the expense of shareholders (Duh, M, 2010)

²³RBV has been used in the field of strategic management to explain long-term differences in firm performance that cannot be attributed to industry or economic conditions (Duh, M, 2010)

Furthermore, a number of literature reviews reveal that the field of family business research - despite the argument that *“it is the reciprocal role of family and business that distinguishes family business studies from its sister disciplines”* (Zahra & Sharma, 2004, p.333) - has become increasingly dominated by research conducted primarily from a business, rather than a family, theoretical and empirical lens. James et al (2012) undertook a comprehensive bibliographic analysis of 2,240 scholarly articles published on family enterprise between 1985 and 2010, and found that in 1985 29% of articles drew on theories of the family, but by 2010 less than 1% drew on family theories, giving strong support to those who view family business research as ‘lopsided’ (e.g. Dyer and Dyer, 2009)

James et al (2012) after demonstrating that family science research is having a limited impact suggest that this is in part due to the *“substantial theory-building efforts...to bridge the gap between family science and outcomes that interest family business researchers”* (p.105). Dyer and Dyer (2009), additionally, suggest the lack of “the family” even in family business studies is also due to methodological difficulties such the development of valid and reliable measures of latent variables, which also require the researcher to gather primary data.

To date most family business academics have drawn on mainstream and entrenched business and economic theories and concepts derived from non-family business settings, which have then been assumed to ‘travel’ (Stewart, 1998 cited in Stewart and Miner, 2011) with little adaptation to the family business setting. However, empirical studies point to mainstream theory and concepts not fitting within family business research (Lindow, 2013; Sharma et al, 2012), indicating the need for greater theory adaptation and more new theory development in this field of research.

According to Danes (2014, p.612) the current main conceptual frameworks and theories within the family business literature are: the Bulleye Model of an open-system approach (Peiper & Klein, 2007); Family Embeddedness Perspective (FEP) (Aldrich and Cliff, 2003); Resource-Based Framework (RBV) (Habbershon and Williams, 1999); Sustainable Family Business Theory (SFBT) (Danes et al 2008; Stafford et al, 1999; Danes and Brewton, 2012); Theory of Agency and Altruism in Family Firms (TAA) (Schulze et al, 2003); and Unified Systems Perspective of Family Firm Performance (USP) (Habbershon et al, 2003). Danes (2014, p.612) also states that frameworks drawn from business theory (currently) do not address heterogeneity among families, and only partially or indirectly address reciprocity between firms and owning families.

3.2 The Resource Based View

Of the economic and organisational theories dominant with family business research I have chosen to focus on the Resource Based View (RBV). As has already been highlighted, a number of family business researchers are now increasingly drawing on the Resource Based View or Theory of rent creation, initially developed by Penrose (1959) in her book 'The Growth of the Firm', and subsequently developed most notably by Barney (1991; cited in Shukla et al 2014, p.108). The key aspect of RBV is that it moves the focus of competitive differences away from a market perspective to a firm perspective, in order to explain differences in individual firm performance. Central to RBV is that firms have access to different resources, which if they are, Valuable, Rare, Inimitable, and Non-Substitutable (VRIN), will lead to Sustainable Competitive Advantage (SCA) (Rau, 2014, p323). The advantage of drawing on RBV theory within family business research is that it allows for, and can account for differences, in resources that are specific to families i.e. their resources and how these are then deployed within the business setting. If these family resources are VRIN they (potentially)

confer competitive advantage (Habbershon and Williams, 1999; cited in Rau, 2014, p.323).

RBV also assumes a bounded rationality approach by managers that takes account of other firms' competitive resources, and the accrual of resources to keep it in a superior position. Furthermore, this approach is viewed as occurring over a longer time horizon, a key feature of family firms (Chrisman and Patel, 2012; cited in Rau, 2014, p.323).

Although RBV is a widely used theory within general business research, it has also been critiqued, and there is some evidence of mixed empirical validation of RBV. For example, Newbert (2007; cited in Rau, 2014, p.323) found that only 53 per cent of the outcomes of 55 papers reviewed supported the RBV predictions. Rau (2014) discusses in detail the main criticisms levelled at RBV and their implications for its use within family business research, all of which will need to be taken account of in relation to the planning of future primary research that utilises an overarching RBV theoretical framework, however these will not be explicitly reviewed in this dissertation. Of specific relevancy for this dissertation is the following statement by Rau (2014, p.325):

“Explaining the influence of non-economic goals derived from the family’s values onto the economic outcome of the firm is not only the ‘hottest’ topic of family business research at the moment (Beronne et al, 2014), but it will also add to a better understanding of how ‘valuable’ resources add to sustained competitive advantage”.

3.2.1 RBV and its Application within Family Business Research

Concept of Familiness

It was Habbershon and Williams (1999) who first brought in the concept of 'familiness' i.e. *"the unique bundle of resources a particular firm has because of the systems interactions between the family, its individual members, and the business"* (Habbershon & Williams, 1999, p.11 cited in James et al, 2011), and how these 'idiosyncratic' resources in turn then create sustainable competitive advantage or disadvantage that then leads to stronger or weaker business performance. Sirmon and Hitt (2003; cited in Siebels and Kynphausen-Aufseb, 2012) also argue that these resources will only create competitive advantage and superior firm performance if managed purposefully and efficiently. They also distinguish between four discrete resources of family firm capital: human capital, patient capital, social capital and survivability capital, combined with the governance structure attribute.

Habbershon et al (2003) later built on the notion of 'familiness' using a unified systems perspective, whereby the resources and capabilities of the family unit, the individual members, as well as the business entity interact and add to the overall performance of the family business. 'Familiness' has since become widely used in family business literature to describe the various resources (human, psychological, social, financial and physical capital) that result from the interaction of the family and business subsystems (Sharma, 2008). The main issue with the original work of Habbershon and Williams (1999; cited in Rau, 2014, p.327) that underpins the concept of 'familiness' is that it focused solely on family advantages and ignored family disadvantages, such as, nepotism, feuding, rivalry etc.

In recent years RBV has been increasingly drawn on within academic family business research, although empirical studies that test the predictions of 'familiness' remain scarce (Rau, 2014, p.327). There are a number of other issues with RBV's use which are also apparent, for example, there remains a lack of agreement in relation to the nature of resources a priori, in particular the family-specific resources (Rau, 2014, p.321). Furthermore, RBV research has yet to establish itself as a theory of the family firm or theory of family business strategy, rather than application or possible extension of the RBV to family firms (Rau, 2014, p.321). As with the general use of RBV, its use in family business research generally requires primary research due to a lack of secondary data sources that can provide the required evidence (Rau, 2014, p.327). Finally, there remain gaps in the empirical validation of the 'familiness' approach, including how family-specific resources and capabilities develop from the system interaction between the family, its individual members and the business, which is seen as an area requiring high level qualitative research (Reay and Xhang, 2014; cited in Rau, 2014).

F-PEC Measurement Scale

Astrachan et al (2003) developed from the notion of 'familiness' the F-PEC (Family – Power, Experience, Culture) scale, which has subsequently been refined and tested (Cliff and Jennings, 2005; Klein et al, 2005; Rutherford et al, 2008, cited in De Massis, 2012), but also challenged (Siebels and Kynphausen-Aufseb, 2012). Rutherford et al (2008; cited in Siebels and Kynphausen-Aufseb, 2012) propose that the F-PEC does not measure the 'actual' but rather the 'potential' family involvement in the firms. Nevertheless, the F-PEC scale offers an empirically tested instrument that allows for more nuanced and continuous measurement of a family's involvement in, and influence on, a business (De Massis, 2012), leading to better differentiation of the family variable within family business research. The

latest version of the F-PEC is provided in appendix 4 (contained in the PhD research questionnaire).

Three P Model

Building on the work of Habbershon et al (2003), Carney (2005) established an organisational theory which considers three aspects of family businesses that lead to sustainable competitive advantage: parsimony; personalism, and particularism.

Parsimony	Defined as 'the alignment of incentives that simultaneously reduces agency costs and motivates efficiency' (Carney, 2005, p.254)
Personalism	Allows the family to impel their values and vision onto the business as the authority, assumed by Carney (2005) via owner-management structures.
Particularism	Describes the greater liberty to exercise authority in a way that may over-ride rational-calculative decisions, for example family employment in the business.

In summary the 3P model developed by Carney (2005) provides a framework for understanding how and under what circumstances the overlap of ownership and control leads to rent-generating behaviour. Building on this view Le Breton-Miller and Miller (2006) argue that firms can build competitive advantage from family-specific resources and capabilities if they can capitalise on their long-term focus as this is an area that non-family firms usually can not do.

Resource Management Model for Wealth Creation

Additionally Sirmon and Hitt's (2003) resource management model for wealth creation, shown in Figure 2, is generally seen to be the start of the development of a family-specific RBV model (Rau, 2014, p.328). They present in this model five distinct resources; human capital, social capital, patient financial capital, survivability capital, and governance structure and costs. How these resources are 'orchestrated' leads to differences in competitive advantage (Sirmon et al, 2011; cited in Rau, 2014, p.329)

Figure 2 Managing Resources for Wealth Creation



Source: Sirmon and Hitt (2003, p.346)

Summary of What is Known and is Not Known from an RBV Perspective

Overall family business research has been concerned with understanding the interaction of the family with, and its effect on the, business, and to a much lesser degree, how the business interacts and impacts on the family.

Within the RBV perspective, research has mainly concentrated on business financial outcomes. Other than Arregle and colleagues (2007), Rau (2014) in a review of RBV papers in family business research, found no papers conceptual or empirical that addressed the family unit as a specific organisation that might be better understood by applying RBV. Furthermore an understanding of the conditions that enable or restrict the transfer and application of VRIN resources from the family to the business, and vice versa, still is missing within FBR (Rau, 2014). Rau (2014) argues that a promising area to extend knowledge within an RBV perspective is to understand the interaction of financial and non-financial goals and how to 'orchestrate' resources to secure a sustainable relationship between these two types of goals.

Proposed Role of RBV within My Family Business Research

Therefore it is likely that my PhD research will be grounded in an overarching RBV theoretical framework due to its general acceptance and empirical base within business research. I will though seek to develop and adapt an RBV based conceptual model that takes account of the complexity generated by the family dimension in family business. Specifically, I envisage at this stage I will also be drawing on (primarily) 'family science' theories, which draw on fields such as sociology, economics, and psychology to explain family processes, relationships, health and other outcomes (James, Jennings & Breitreuz, 2012, cited in Penney & Combs, 2013). In particular, I expect to draw on and adapt family systems theory and models developed from it. My PhD research may use, and potentially further

adapt the F-PEC scale, to more fully understand the individual family dimension, and its relationship to family centred goal setting, achievement and (business and family) performance. This research will thus address the knowledge gap in relation to the family as an organisation and how it impacts, and is impacted upon, by the business.

3.3 Main Theories from Family Science

According to Schillppe and Schneewind (2014, p.47) there is still some way to go before a conclusive theory of family firms is derived, which is able to account for the reciprocal relationships across the family and business, and which integrates organisational and family systems theory, also for Sharma (2004; cited in Schillppe and Schneewind 2014, p.47) *“this is the ultimate aim of the field of family business studies”*.

There are a number of foundational theories within family science, the main ones being; systems theory, life course theory, social exchange theory, structural functionalism, and symbolic interactionism, all of which are of relevance to the study of family businesses. Of the main family science theories I have decided to focus on family systems theory as it has particular applicability and potential extension to my chosen RBV theoretical approach, and is also the most commonly and explicitly used approach with family business research of the five family science theories mentioned above (Jennings et al., 2014, p.30). Systems theory has also been chosen as it is seen to have the potential to provide a comprehensive understanding of the complexity and specificities of family businesses, helping to overcome the fragmentation of the field (Schillppe and Frank, 2013). Dyer (2006; cited in Jennings et al., 2014, p.30) suggest that a greater understanding of why certain family firms enjoy comparative advantage whereas others suffer comparative disadvantage may be gained from examining

the effects of family systems deemed to be; closed, random, open, or synchronous, based on their characteristic interaction patterns and values.

3.3.1 Family Systems Theory and its Potential Application

Family systems theory is derived from general systems theory, developed to explain the behaviour of complex, organised systems. The application of systems theory in family scholarship emerged in the 1950s, but become more widely used in the 1980s, and remains prominent within family therapy and communication research in particular (Smith et al., 2009; cited in Jennings et al., 2014, p.27).

Family systems theorists see the family as a relatively closed system of interactions between individual members, with the focus placed on the interactions; as such it is interested in intra-family processes such as family functioning, conflict, cohesion, and communication (Albanese, 2012; cited in Jennings et al., 2014, p.27).

Family systems theory has a number of underlying key assumptions. Most important is that a family system must be understood as a whole, and that an individual's behaviour can not be accurately understood if separated from the family system (Whitechurch and Constantine, 2004; cited in Jennings et al., 2014, p.27). The holistic nature and inter-connectivity of the family means that any pathology within a family is not seen as attributable to one person but is a dysfunction of the system (Albanese, 2012; cited in Jennings et al., 2014, p.27).

A further key assumption is that humans and the systems they live within are capable of self-reflexivity. Within the family system this is facilitated by communication between individuals, creating an opportunity for the joint creation of meaning, creation of plans, and the establishment of goals (Whitechurch and Constantine, 2004; cited in Jennings et al., 2014, p.27). This key assumption

strongly links to the academic and non-academic evidence on the importance of 'family values' as a key attribute and competitive advantage within family businesses – which is to be outlined in more detail later within this dissertation. The assumption of self-reflexivity within family systems theory also means it is a dynamic rather than static theory of family processes. Again, this dynamism links strongly with the notions of longevity, evolution and the development of inter-generational and inter-family branch relationships and goals that are strong themes within family business research. Other key underpinning family systems concepts are: Holism, Goal Orientation; Equifinality and Multifinality; Reguality, Rules and Patterns; Circular Causality; Positive and Negative Feedback; Homeostasis vs Heterostasis; Boundaries; Self-organisation and Self-Reference; and Internal Model of Experience (Schillpe and Schneewind 2014, p. 50-51)

It has already been highlighted that there is very limited use of family theory, but where family systems theory has been used in family business research a key difference from its application in family scholarship is to consider the family system as primarily open rather than closed i.e. that it is an entity that both influences and is influenced by others, especially through the business system. Furthermore, much more attention has been paid to how the family positively or negatively impacts the business system, and little attention has been paid to how the business can positively or negatively impact the business owning family (Jennings et al., 2014, p.30).

3.3.2 Potential Application of The Circumplex Model of Marital and Family Systems, and FACES Self-Reporting Instrument

The Circumplex Model of Marital and Family Systems developed by Olsen et al (1979) and the derived FACES (Family Adaptability and Cohesion Evaluation Scales) self-report instrument, now in its fourth iteration, (Olson, 2011; cited in

Nava & Lavee, 2012) is a widely used and empirically validated measurement scale used amongst family theorists and practitioners. It describes a family's behaviour focusing on two primary factors: cohesion and adaptability. When cohesion is balanced, the family is emotionally close, connected, and loyal, but too little and family members are disengaged, whereas too much family members become enmeshed and unable to function as individuals. When flexibility is balanced, leadership is shared and discipline is somewhat democratic; too little creates rigidity characterised by authoritarian leadership, top-down discipline, unchanging roles and little adaptability. Too much flexibility is characterised by chaos with lack of leadership, erratic discipline and constantly fluctuating roles (Olsen, 2000; cited in Penney & Combs, 2013).

Empirical evidence from family research suggests that families that fall into the Circumplex Model balanced typology categories perform better than unbalanced or extreme types because of their ability to deal with crises and change more effectively (Nava & Lavee, 2012). But, when Nava & Lavee (2012) compared the main concepts and characteristics of the category 'rigidly enmeshed' (perceived as a dysfunctional or unbalanced family type) families described in the Circumplex Model with the descriptions of first generation family firms by family business researchers (Chua et al, 2003; Dyer, 1986, 2006; cited in Nava & Lavee, 2012) they concluded the parallel descriptions provided evidence of overlap i.e. first generation family firms are owned (in general) by 'rigidly enmeshed' families.

However, Olson (1988, 2000 cited in Nava & Lavee, 2012) also note that unbalanced family types, such as 'rigidly enmeshed' are not necessarily dysfunctional, as this depends on normative family expectations and individual satisfaction with the status quo. This, though, leads to the question what happens when a significant family member becomes unhappy, or is not happy, with the

status quo (in the family and/or the business) and what implications does this have for the family's (and the business) effectiveness and functionality. Nava & Lavee (2012) suggest that a possible pre-dominance of 'rigidly enmeshed' families within first-generation family businesses may be a significant contributory factor explaining why many family firms experience problems or fail during the succession process after the founder's death.

A key consideration to determine the applicability of the Circumplex Model (and the related FACES self-reporting instrument) to my proposed area of research is it assumes a known boundary to the family system, which is typically a nuclear family. Whereas family business literature demonstrates the complex nature of, and the permeable family boundaries, which exist in the family business field (Anderson, Jack & Dodd, 2005; cited in Distelberg & Blow, 2011). Furthermore, although concepts from business and family fields may be empirically well-grounded, Distelberg & Blow (2011) argue they may remain of limited use because they were not derived from a *"Family Business supra-systems lens, but a lens with boundaries around either the business or the family system"* they state that *"it is a theoretical leap to suggest that these internal system boundaries mirror the boundary around the FB family system"* (p.30). Distelberg & Blow (2011), as a result, question the value of the limited number of family business studies that have employed the FACES assessment because the FACES assessment assumes a know boundary (typically nuclear) to a family system, which is seen as problematic for FB family systems (Astrachan, 2003), leading to a number of family business scholars to suggest expansive definitions of the family system (Anderson, Jack & Dodd, 2005). Distelberg and Blow (2011) argue that Zody et al (2006; cited in Distelberg and Blow, 2011) produced a more significant finding using the FACES assessment because it was altered to reflect a more inclusive definition of family.

3.3.3 Family Climate Scale

A recently developed self-report scale designed specifically for research purposes within the family business field is Bjornberg and Nicholson's (2007) Family Climate Scales questionnaire. They argue that available tools such as the F-PEC either do not "*focus on the dimensionality of whole-family functioning*" or those that do (from family psychometric literature) "*none is suitable for unadapted use in family business research*" (Bjornberg and Nicholson, 2007)

The Family Climate Scale (FCS) is designed to measure whole family functioning within the field of family business, with scales initially developed after a comprehensive review of self-report measures available (identifying 54), most of which were then discounted as inappropriate or because they were proprietary. Measures selected for empirical testing were done so on the basis of three criteria: a solid theoretical underpinning; strong empirical evidence – good levels of reliability and validity; and items were appropriate for adaption for family business research.

The resulting FCS was then deliberately tested on a non-family business family sample (291 Higher Education Institution students) in order to develop a normative baseline of professional people with at least a college degree, with the statistical results providing support for the proposed FCS (Bjornberg & Nicholson, 2007). The concept of family functioning within the FCS is considered across the following dimensions: Family Intergenerational Style – intergenerational authority and attention; Family Cohesion – cognitive and emotional; Family Process – open communication and adaptability. Bjornberg and Nicholson (2007) also acknowledge there are a number of limitations with the FCS as a self-reporting measure i.e. can only be undertaken by adolescent and adult family members, it can't capture real time family interactions, with FCS scale judgments being based

on a long history of events and interaction. Furthermore, Bjornberg and Nicholson (2007) also state that the longitudinal stability of the FCS has yet to be demonstrated. Indeed, a search of the Aston University E-Library using the terms 'Family Climate Scales' in conjunction with the phrase "Family Business" (to exclude family only literature) only elicited one reference that demonstrates the use of, an adapted form of the FCS, in a sample of Spanish and Latin American family businesses (an article in *Earlyinsight*, Issue 14, 2012). The full Family Climate Scale is shown in appendix 3.

Thus, the final theoretical and empirical measurement frameworks to be employed will be determined only after exploratory research and an iterative inductive and deductive theory building phase (Lee & Lings, 2008).

3.4 Main Family Business Systems Models and Criticisms

Initially family business researchers conceptualised family businesses as the combination of two distinct systems – family and business – but soon moved to seeing these systems as being overlapped and interconnected (Levinson, 1971; cited in Distelberg & Blow, 2011). In fact, the main distinguishing feature of family businesses from other organisational forms is this overlap between the family and business systems, leading to a 'hybrid identity' (Davis and Tagiuri, 1989; Sundamurthy and Kriener, 2008; cited in Nordqvist et al, 2014), and which has led to models that have tried to capture this overlap and interaction. There remains a view that there is a conflict between these systems, and a remaining bias towards focussing on the business rather the family system. However, more recently FBS scholars see a healthy system as one that is able to balance sub-system values, goals, and functioning at the supra-system level (Distelberg & Sorenson, 2009; cited in Distelberg & Blow, 2011).

Distelberg and Sorenson (2009) state that the Family Business System (FBS) can be defined as, the family, ownership, and business systems and the interactions among them. An important implication of this definition is that analysis must be located at the FBS level. FBS analysis also allows for individuals to be located within the FBS and not be part of the ownership family, and conversely for members of the ownership family to be located outside of the FBS.

Initially 'dual-system' (family and business) approaches were developed and applied in family enterprise research, but which were critiqued in a number of ways, but mainly for neglecting other influential systems, in particular the role of the individual and the environment. These initial criticisms have been partially addressed through the development of a number of more complex conceptual family business systems models, which incorporated development over time (Gersick, Davis, Hampton, & Lansberg, 1997; cited in Distelberg & Blow, 2011), ownership stakeholder positions (Sharma & Nordqvist, 2008; cited in Distelberg & Blow, 2011), and ecological principles (Distelberg & Sorenson, 2009; Stafford et al, 1999; cited in Distelberg & Blow, 2011). FBS models also assume boundaries exist between subsystems and resource transfers (tangible and intangible) occurring between subsystems and that the family is central to this within the FB supra-system (Bubolz & Sontag, 1993; von Bertalanffy, 1976; cited in Distelberg & Blow, 2011). The key FBS models within the family business literature are outlined below.

The Three Circles Model

An early, but widely used, and still perceived as "*the established systems model of the family business field*" (Davis, 2001, p.6; cited in Schlippe & Frank, 2013), is the 'Three Circles Model' developed by Tagiuri and Davis (1982), shown below in Figure 3.

The three circle model differentiates between family, business, and ownership, and helps to distinguish family from non-family businesses, as well as to identify different stakeholders in family businesses. Family members can belong to all or only part of the subsystems, potentially leading to role conflicts (Tagiuri & Davis, 1996; cited in Schilppe & Frank, 2013).

Figure 3 Tagiuri and Davis's, Three Circle Family Business Model



Main criticisms to the three circles model relate to the under analysis of the Family Business System (FBS) as a single entity (Whiteside & Brown, 1991; cited in Schilppe & Frank, 2013), and that it is a static rather than dynamic model (Nordqvist et al, 2014). Related to this point, a further identified issue with this and other early family business system models is that they overlooked the diversity of family businesses. More recently family business theorists' have emphasised the importance of considering diversity amongst family businesses (Distelberg and Blow, 2011). It is also worth highlighting that the concept of 'familiness' (Astrachan, 2003) is based on the notion of interplay between these three

subsystems, and it is this interplay which provides the specific bundle of resources that creates the unique business competitive advantage.

The BullEye: A Systems Approach to Modelling Family Firms

Pieper and Klein (2007) have more recently developed a model of family business that accounts for unique characteristics and diversity, and as well as dynamics amongst the family business subsystems, entitled 'The Bulleye; A Systems Approach to Modelling Family Firms (see Figure 4). This is based on an open-systems approach with four levels of analysis (the individual, the subsystems, the family business, and the environment). Compared to the three-circle model, the bull's eye model is more comprehensive, and takes account of the environmental system and its potential impact on the FBS and its subsystems (Schilppe & Frank, 2013).

A further crucial difference is the placement of the individual at the centre of the bull's eye model – *“The proposed model places the individual as the basis of the observation. Within the family business system, the values, intentions, motivations, and skills of the individual determine the actions and behaviours of the individual solely or as part of a wider group”* (Pieper & Kleir, 2007, p.307). By placing the individual at the heart of the model, it allows for understanding the impact and influence of an individual at a point in time: *“each individual, whether he or she is a family member, a nonfamily manager, an entrepreneur, a next –generation owner, or a business unit manager, influences the family business subsystems in a particular manner”* (Pieper and Klein, 2007 p.307; cited in Schilppe & Frank, 2013).

Figure 4 The BullEye: Two-Dimensional Onlook Onto the Three-Dimensional Open-System Approach



Pieper and Klein, 2007

3.4.1 Healthy Family Business Systems

According to systems theory, a healthy system goes through periods of transition, and from one developmental stage to the next, and that each group level system has its own developmental processes (Distelberg and Sorenson, 2009). Developmental stages feature in a number of FBS models, most notably Gersick et al's (1997; cited in Distelberg and Sorenson, 2009) model where FBS's change from single owners to sibling partnerships and cousin consortium. More recently Le Breton-Miller and Miller (2013) have further developed Gersick et al's model to create a typology of firm evolution and proposed relationships to the Socioemotional Wealth (SEW) priorities pursued by FBS's at different developmental stages, shown in Figure 9. However, diversity in developmental

trajectories is also acknowledged (i.e. divorce and re-marriage), thus making it difficult and complex to plot out the success stages within FBS's, rather it is argued that the focus should be on understanding the FBS's stability, adaptability (to environmental changes) and functionality.

Related to previous arguments that family business research has focussed too much on the business, it is also noted that there remain difficulties in defining success for an FBS. The two key challenges noted by Distelberg and Sorenson (2009) in relation to defining FBS success is; first that success for FBS's are mainly defined through measures such as return on assets, growth in sales, annual sales, profits, number of employees, and survival rate (Dess & Robinson, 1984; Kalleberg & Leicht, 1991; Miner, 1997; cited in Distelberg and Sorenson, 2009), which places the focus on only the business system, whereas to fully understand FBS success measures need to be developed that can capture this, as well the individual systems within the FBS. Secondly, family systems theorists have shown that an individual's perception of success or satisfaction is informed by their belief system, as well as their assessment of resources needed to achieve the goals (Bubolz & Sontag, 1993; cited in Distelberg and Sorenson, 2009). Therefore, both the objective measures of success and the belief system together create a perception of success, which it is argued, is why a priori objective measures of success rarely correlate within the same study (Hienerth & Kessler, 2006; P.D.Olsen et al, 2003; cited in Distelberg and Sorenson, 2009).

These theoretical arguments are of central importance to my chosen PhD research focus, specifically in relation to constructing measures for the later evaluation of the family MSB achievement of non-economic and family centred goals. These arguments suggest that in order to measure FBS success it is also necessary to understand the FBS values that direct FBS goal formation.

3.4.2 The Role of Values within Family Business Systems

Dyer (1986; cited in Sorenson, 2014, p.467) defined culture as the values and assumptions that pervade a family firm, and values were defined as the “*broader transitional principles that serve as a guide for overall behaviour*”. Dyer (1986; cited in Sorenson, 2014; p467), also suggests that different cultures may be found in each part of the family business system – business, family, and business board, and these cultures will change over a family firm’s life-cycle.

Similar to Dyer and Dyer (2009), Distelberg and Sorenson (2009) suggest there are different types of family businesses, based on the internal values of each family business system. To contribute to an understanding of diversity amongst family businesses Distelberg and Sorenson (2009) also suggest, using ecosystems principles i.e. healthy systems go through periods of transition (Von Bertalanffy, 1976 p428, cited in Distelberg and Blow, 2011), that family businesses can function effectively with different resource management patterns, as long as these are aligned with the family businesses’ values system. Distelberg and Sorenson (2009) developed a set of propositions which were then empirically tested by Distelberg and Blow (2011) that links the Values, Goals and Resource Transfers within family businesses. This empirical study found support for the ecosystems model and specifically concludes that family businesses are more functional when they identify their family orientation and align goals and resources according to these identified values, and that individuals within family businesses are more satisfied with their family business when they are in agreement with the family business’s value orientation. Distelberg and Sorenson (2009), based on this work, created a model to show the value continuum, resource transfers and goal creation from family-first value orientation businesses to business-first orientation businesses. They identified five types of family business systems: one that is

balanced, two that favour the family system and two that favour the business system, and which is shown in Figure 5.

Figure 5 Continuum of Value Emphases in Family Business Systems

	Business Depleting	Family Emphasis	Balanced Emphasis	Business Emphasis	Family Depleting
Goals	Family One-generation focus	Family health Family development Multiple-generation focus and potential succession Maintained business resource base	Family and business health Aligned family and business development Multiple-generation focus and succession	Business health Business growth Maintained level of resources for the family Multiple-generation focus and succession	Business health Business growth
Resource transfers	Business and family resources supporting family goals Investing family and financial resources in the family	Family to business flows seen as family investments to be used at a later time	Flow relatively equitable for family and business Collaboration and policies guiding resource flows	Business to family flows limited as seen as “loans” that can ultimately help the business Business development	Business and family resources supporting the business Investing (reinvesting) family and financial resources in the business
Strengths	Family development	Family development Access to business resources over time	Family and business development	Access to family resources over time	Business development
Limitations	Decline in business resources	Less growth in business system	Resources spent to maintain family and business balance	Lack of growth in family resources	Decline of family resources

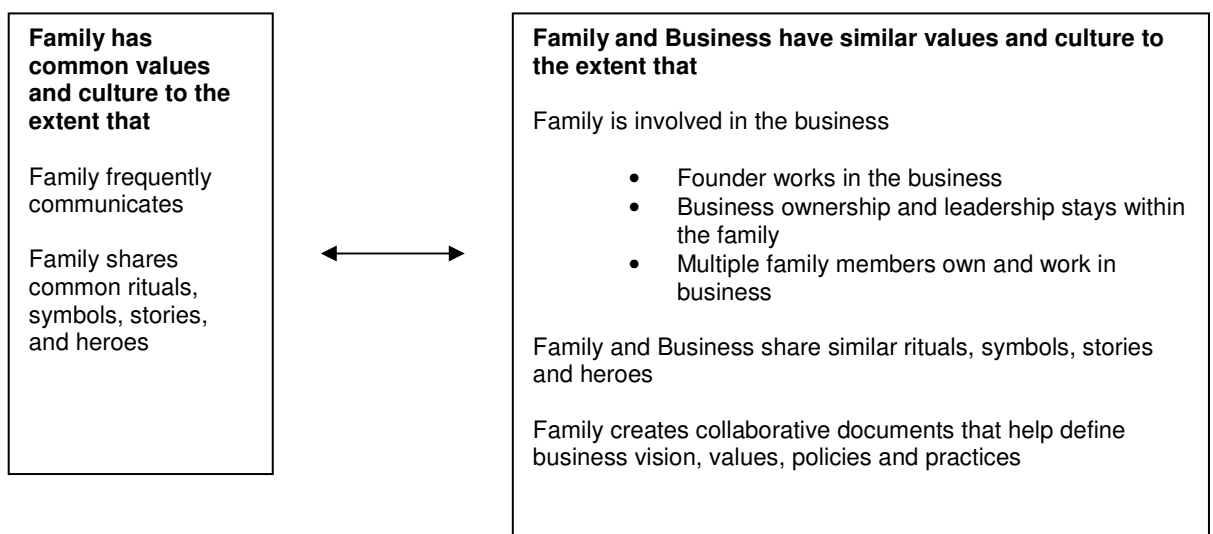
(Source: Distelberg and Sorenson, 2009)

How are Common Values Developed and Passed within the Family Business System

Sorenson (2014, p.469) points to social capital literature to provide a basis for understanding how family business systems develop common values and culture. This literature suggests that for individuals to work together they must communicate in a manner that helps them to develop common values and culture (Hoffman et al, 2006; cited in Sorenson, 2014, p.470), and that these values can be either explicit i.e. verbalised, or implicit i.e. non-verbal but transmitted through rituals and patterns of behaviour (Sorenson, 2014, p.470).

Sorenson (2014, p.472) suggests (shown in Figure 6) processes, and involvement, mechanisms that allow family values to be passed and changed into business values, the underlying assumption being the greater the interaction and communication between the family and the business, the greater the likelihood that family values will become business values.

Figure 6 Social Processes that Develop Similar Values ad Culture in Family and Business



Source: Sorenson, 2014

3.4.3 Application of Systems Theory – General Theoretical Limitations and Considerations

The use of FBS approaches and its notion of sub-systems can lead to theoretical and empirical complexity. This is because FBS's are also located within, and are a subsystem with a broader system, for example, the economy, culture, or society. Essentially, each system is seen to be nested within the next, from the largest through to individuals, but it is the interdependence between the subsystems which create a 'meta' or 'supra-system' (Distelberg & Blow, 2011). As a result, larger system behaviour can not be explained without understanding its sub-systems, yet simultaneously can not be fully understood if the subsystems are analyzed separately, this potentially can lead to theoretical dead-ends (Schlippe & Frank, 2013). Also a 'parts-whole' approach can lead to difficult and complex theory development whereby, *"the behavior of one complex and nontransparent system (the social system) is explained by the behavior of another complex and nontransparent system (the individual) relating to covert attributes that can not be observed, such as intentions, motivations, and so forth. Two systems types that differ in their categories are connected with no theory to explain this"* (Schlippe & Frank, 2013, p.388).

Distelberg and Blow (2011) also argue that the application of general systems concepts in the family business field is hampered by two key limitations. First, is the tendency to take empirically well-validated general systems concepts from either business or family study and then directly apply these to the field of family business. They argue that these concepts are not validated within a *"FB supra-system lens"* but at either the business or family system level (Distelberg and Blow, 2011, p.30). The second limitation, they argue, is the lack of general systems in FB research design, and for those that have used systems theory, the research design is inappropriate, according to Distelberg and Blow (2011). The use of

representative (single respondent) sampling methodology they argue is not compatible with a systems approach, as a system is made up of multiple individuals with their own perceptions and contributions within the FB system (Distelberg and Blow, 2011, p.30).

Social Systems Theory

Schilppe & Frank (2013) use social systems theory and in particular theory developed by Luhmann (19956, 2012; cited in Schilppe & Frank 2013) to argue that to date FBS models view the system as something that exists independently of the observer. They argue that this is at epistemological odds with recent social systems theories, which sees a system as only existing if it is seen and recognised to be a system by those within it. For example, Schilppe and Frank (2013) state that within business families questions such as ‘who is in and who is out [of the system]?’ will be answered differently by different observers. Thus, they argue the focus should be on understanding the processes which give rise to these differences between observers. Thus, Schilppe and Frank (2013) argue that whilst the Three-Circle Model remains essential to understanding family businesses, these three systems should be seen as *“jointly constructed fields of meaning that mark a system’s boundary by processing communication in a specific way and according to a specific logic”*.

Furthermore, Dyer and Dyer (2009, p 428 cited in Distelberg and Blow, 2011) suggest that a remaining issue in family system models is that it has focused solely on the family to business relationship and has neglected the business to family relationship. Distelberg and Sorenson (2009, p.428; cited in Distelberg and Blow, 2011) state that *“future research must evaluate the family to business and business to family relationships at the same time....or risk overlooking diversity and*

privileging one system over the other (e.g. privileging business growth over family growth or vice versa)”.

Social System Boundary Measurement

Establishing and measuring boundary strengths is an important aspect of the application of systems theory. Distelberg and Blow (2011) state that a key challenge to undertaking this in family business research is that human systems are latent concepts, which can only be measured indirectly, and which must have a theoretical orientation that connects a direct observation to the latent construct of the boundary. Distelberg and Blow (2011) conducted empirical research that suggested a way to operationalise the boundary variations within family business system research was by measuring social network interactions, their related communication processes, and the level or boundary strengths (diffuse, permeable to rigid) that are exhibited. This study sought to understand how the ‘familiness’ resources can be tracked as they are transmitted by family members within and across the FB supra-system, and importantly how and to what extent nonfamily employees gain access to these ‘familiness’ resources.

4 Literature Review - Main Themes, Methods and Issues Within Family Business Research

This section of the dissertation draws on key family business research literature reviews, and specific journal articles of central importance to this dissertation focus that have been identified through their review, along with additional literature review work undertaken using Aston's e-library resources.

4.1 Trends in Family Business Research

A number of recent literature reviews have been undertaken that demonstrate both the increase in the number of family business research articles appearing in academic journals, as well as the type and focus of these articles.

4.1.1 Research Type and Designs Employed in Family Business Research

The recently published (2012) 'Family Business Studies – an Annotated Bibliography' created by De Massis et al, provides structured information on the 215 most cited journal articles on family business published in the 1996-2010 period.

Table 7 shows the classification structure of the 215 articles selected by De Massis et al (2012) for inclusion with their bibliography, which demonstrates the dominance of empirical (64%), especially quantitative (58%), articles within their sample, followed by theoretical/conceptual articles (21%). A further important review finding was the plethora of explicit and implicit definitions of family firms adopted by the article authors, with the ownership condition most common, being present in 79% of the definitions employed. Other criteria identified within family firm definitions included; management (53%), directorship (28%), self-identification (15%), multiple generations (9%), and intra-family succession intention (7%).

Furthermore, 22% of articles reviewed were found not to have provided an explicit definition for family firms (De Massis et al, 2012).

Table 7 De Massis et al's (2012) Selected Articles (published 1996-2010) by Type

Article Type	Number of FBR Articles	Percentage of Most Cited FBR Articles Published 1996-2010
Empirical (quantitative analysis)	124	58%
Theoretical/Conceptual	45	21%
Literature Review	17	8%
Empirical (qualitative analysis)	14	6%
Editorial	5	2%
Critiques and responses	4	2%
Single Case Study	4	2%
Experiential	2	1%
All Selected Articles	215	100%

The above journal article classification (Table 7) by De Massis et al (2012) also highlights the dominance of quantitative empirical studies within the articles selected for review. This finding is also consistent with a more recently conducted content analysis of papers focused on family firms (Benavides-Velasco et al, 2013), which reviewed the methodology employed within family firm literature. Of the 703

articles reviewed, 56.3% were categorized as empirical, while the remainder were theoretical contributions. The most common source of empirical data was mail/delivered survey. This method was shown to be increasingly being used, but is now more likely to be in combination with other methods of data gathering using; public information, databases, and additional secondary sources (Benavides-Velasco et al, 2013). Additionally, this review highlighted that also prevalent in the family firm literature are descriptive studies based on a small sample of case studies. The family firm literature also shows a slight weighting towards studying manufacturing rather than service sector businesses, but more importantly that the field is dominated by cross-sectional research. However, the review also highlighted that there is now a growing trend to greater experimentation, a richer variety of methods and more sophisticated analysis (Benavides-Velasco et al, 2013). Benavides-Velasco et al (2013) also state that *“scholars need to perform more longitudinal analyses that allow testing the evolution of the variables and whether causality between them changes over time”* (p.46). The review authors see both quantitative and qualitative longitudinal studies as being useful to research the critical dimensions of family companies over the business and family life cycle.

4.1.2 Variables & Unit of Analysis in Current Family Business Research

A recent review of 257 empirical studies published between 1998 and 2009 (Yu et al, 2012) found that contrary to other areas of study, family business scholarship is converging around a few independent variables related to family involvement in management, ownership, and the governance of the businesses, but with 327 dependent variables. This, again, points to the reciprocal role of family and business that distinguishes family business studies, yet as noted by Sharma et al (2012, p.8) major knowledge gaps remain in both the measuring if, and explaining the, *“why, when, and how of the family-business relationship”*.

The unit of analysis used in most recent research has largely been at the firm level, with some unit of analysis at the household and individual levels (Sharma et al, 2012), yet this firm level research has provided strong evidence of the need to consider the business families, *“research needs to be designed to understand the interplay of different business units controlled by families as well as better understand this special breed of enterprising families”* (Sharma et al, 2012, p.10). Sharma et al (2012) also state that given that family involvement is the fundamental independent variable in the field (Litz et al, 2012; Stewart and Hitt, 2012; Yu et al 2012; cited in Sharma et al, 2012, p.10), *“it behoves us to deepen our knowledge of variables related to the family system so we will better understand the why, when, and how its characteristics [and] attributes are likely to influence the behaviors and performance of family firms”*.

4.1.3 Recent Key Literature Reviews within Family Business

De Massis et al (2012) also identified 17 articles (8%) that were literature reviews published 1996-2010, whilst a systematic literature search using Aston’s e-library system using the words “family business research” and “literature review” has identified a further nine literature review articles published since 2011, by leading family business scholars. This demonstrates the field is still in the process of taking stock and reviewing accumulated knowledge to date. The latest identified family business literature reviews are listed in Table 8 along with their key focus and findings.

Table 8 Key Family Business Literature Reviews Published since 2011 by Family Business Scholars

Article Author(s)	Title, Journal, & Year of Publication	Key Focus & Findings
M.Wright, F.Kellermanns	<p>Family Firms: A Research Agenda and Publication Guide</p> <p>Journal of Family Business Strategy 2 (2011) 187-198</p>	<ul style="list-style-type: none"> • Paper develops a framework for future family business research. • In relation to family firm outcomes they state that, <i>“future research needs to investigate how the desire to maintain socio-emotional wealth affects family firm performance, succession and ultimately the survival of the firm” (p.194)</i>
A. Stewart, A.S. Miner	<p>The Prospects for Family Business Research in Research Universities</p> <p>Journal of Family Business Strategy 2 (2011) 3-14</p>	<ul style="list-style-type: none"> • The paper examines the trends, challenges and opportunities for family business as a research field in research universities. • Highlights that the field intersects kinship and business but attention has focused on business to date, they argue bringing in kinship will create important opportunities for theoretical development.

Article Author(s)	Title, Journal, & Year of Publication	Key Focus & Findings
<p>E. Gedajilovic , M. Carney, J.J. Chrisman and F.W. Kellermanns</p>	<p>The Adolescence of Family Firm Research: Taking Stock and Planning for the Future Journal of Management 2012 38: 1010</p>	<ul style="list-style-type: none"> • Reviews family business research that addresses two fundamental questions: ‘How do firms differ in terms of their financial performance?’ and ‘How do institutional conditions moderate performance differences between firms?’ • Conclude that FBR scholars may need to split into ‘specialists’ and ‘generalists’, and that research on ‘dual goals’ (economic and non-economic) and mixed motives has much potential.
<p>R.A. Litz, A.W. Pearson & S. Litchfield</p>	<p>Charting the Future of Family Business Research: Perspectives from the Field Family Business Review 2012 25:16</p>	<ul style="list-style-type: none"> • Provides findings from a survey of more than 80 family business scholars. • They conclude that FBR scholars will need to innovate to develop it conceptual boundaries to include the family, and that FBR is multidisciplinary by nature.

Article Author(s)	Title, Journal, & Year of Publication	Key Focus & Findings
E.H. O'Boyle Jr., J.M. Pollack, M.W. Rutherford	Exploring the relation between family involvement and firms financial performance: A meta-analysis of main and moderator effects Journal of Business Venturing 27 (2012) 1-18	<ul style="list-style-type: none"> • Summarises the theoretical foundations and empirical findings regarding the relation between family involvement and firm performance. • Their meta-analysis findings suggest that family involvement does not significantly impact firms' financial performance. They advise future research should focus on identifying additional moderator effects and other, non-financial performance characteristics that make family businesses distinct.
D. Flectcher, L. Melin, A. Gimeno	Culture and Values in Family Business – A Review ad Suggestions for Future Research Journal of Family Business Strategy 3 (2012) 127-131	<ul style="list-style-type: none"> • Paper provides a review of key literature relating to culture, values and family business. • Authors suggest that future research on family business should take critical stances on culture to understand how family firms cultures produce relations of power or asymmetry and what ideologies, discourses and reasonings contribute to such relations.

Article Author(s)	Title, Journal, & Year of Publication	Key Focus & Findings
Pramodita Sharma, James. J. Chrisman & Kelin E. Gersick	25 Years of Family Business Review: Reflections on the Past and Perspectives for the Future Family Business Review 2012 25:5	<ul style="list-style-type: none"> • An introductory article to a special Family Business Review edition that draws on their own experiences, previous edition content and the content of the special edition. • Generally concludes that the future of family business research is bright with a need to balance academic interests with practitioner applications.
Justin B. Craig and Carlo Salvato	The Distinctiveness, Design, and Direction of Family Business Research: Insights from Management Luminaries Family Business Review 2012 25: 109	<ul style="list-style-type: none"> • Collected insights from six established scholars on the distinctive nature of family business research. • Paper provides selection of quotations to questions posed on the distinctiveness, opportunities for theory building, and research design that are appropriate for studying family businesses.

Article Author(s)	Title, Journal, & Year of Publication	Key Focus & Findings
Carlos A. Benvides-Velasco, Christina Quintana-Garcia, Vanessa F. Guzman-Parra	Trends in Family Business Research Small Business Economics (2013) 40: 41-57	<ul style="list-style-type: none"> • Paper provides the findings from a systematic family business literature review published 1961-2008. • They conclude that family business research is still in an evolutionary phase, and that developing a theory of the family firm will require contributions from a variety of research disciplines, but that strategic through, especially the resource based view (amongst others) emerge as a suitable theoretical perspective to advance family firm research.

4.1.4 Main Research Topics within Family Business Research

De Massis et al (2012) used a strategic management approach to classify article topics within their identified 215 most cited journal articles published 1996-2010, in order to highlight trends and directions in family business research over this time period. The resulting classification framework is shown in Table 9, along with the percentage of articles that were assessed to fall within in each main and sub category heading (De Massis et al, 2012, p.34).

Table 9 De Massis et al's (2012) Selected Articles (published 1996-2010) by Strategic Management Topic Categories

Strategic Management Topic Classification	Primary Topic	Percent	Secondary Topic	Percent
1. GOALS & OBJECTIVES	2	1.0%	28	10.1%
1.1 Economic Goals	1	0.5%	8	2.9%
1.2 Non-Economic Goals	1	0.5%	19	6.8%
1.3 Goal Formulation Process	0	0.0%	1	0.4%
2. STRATEGIC FORMULATION AND CONTENT	55	25.5%	68	24.5%
2.1 Strategic Planning	2	0.9%	11	4.0%
2.2 Resources & Competitive Advantage	16	7.4%	22	7.9%
2.3 Environmental Opportunity & Threats	0	0.0%	9	3.2%
2.4 Corporate Strategy	7	3.3%	4	1.4%
2.5 Business Strategy	5	2.3%	6	2.2%
2.6 International Strategy	10	4.7%	1	0.4%

Strategic Management Topic Classification	Primary Topic	Percent	Secondary Topic	Percent
2.7 Entrepreneurship and Innovation	13	6.0%	11	4.0%
2.9 Stakeholders, ethics, social responsibility	2	0.9%	4	1.4%
3. STRATEGY IMPLEMENTATION AND CONTROL	71	33.0%	82	29.5%
3.1 Corporate Governance	45	20.9%	19	6.8%
3.2 Structure	3	1.4%	11	4.0%
3.3 Systems, Processes & Networks	4	1.9%	10	3.6%
3.4 Behaviours & Conflict	11	5.1%	17	6.1%
3.5 Culture & Values	5	2.3%	15	5.4%
3.6 Evolution & Change	3	1.4%	10	3.6%
4. MANAGEMENT & OWNERSHIP	32	15.0%	39	14.0%
4.1 Leadership & Ownership	4	1.9%	22	7.9%
4.2 Professionalization	1	0.5%	8	2.9%
4.3 Succession	27	12.6%	9	3.2%
5. ORGANISATION PERFORMANCE	21	9.8%	54	19.4%
5.1 Economic Performance	20	9.3%	42	15.1%
5.2 Non-Economic Performance	1	0.5%	12	4.3%
6. Other Topics Relevant to the Management Perspective	27	12.6%	3	1.1%

Strategic Management Topic Classification	Primary Topic	Percent	Secondary Topic	Percent
7. Non-Strategic Management Topics	7	3.3%	3	1.1%
TOTAL	215	100.0%	278	100.0%

De Massis et al's (2012) state their topic analysis of the 215 most cited academic articles provides evidence of researchers beginning to pay more heed to goals and objectives within family business research, and as called for by Sharma et al (1996; cited in De Massis et al 2012, p17). Also that identified goals have begun to be classified as economic and non-economic ones, and whether directed at the business, family or both, but also the antecedents of these goals have just begun to be investigated (Chrisman et al, 2003c; cited in De Massis et al 2012, p17). Yet, their findings also show that by primary topic only 0.9 per cent (2 articles) had goals and objectives as their primary focus, although this area appeared in 28 articles as a secondary topic. Furthermore, no articles had goal formation as a primary topic. In terms of business performance nine per cent (20 articles) had economic performance as its primary topic but only one article had non-economic performance as its primary focus.

4.2 A Key Review of Recent of Family Business Performance Literature

Of particular interest and relevance to the specific focus of this dissertation is the recent review of research focused on understanding family business performance undertaken by Gedajilovic et al (2012). They reviewed the family business performance literature undertaken within the last decade, from which they concluded there are two broad streams of research.

The first stream is focused on whether family businesses out or under perform other types of firms, and focus on issues such as competitive advantage (e.g. Sirmon & Hitt, 2003; cited in Gedajilovic et al 2012), rent-creation processes (e.g. Gedajilovic & Carney, 2010; cited in Gedajilovic et al 2012), organisational growth and renewal (e.g. Zahra, Filatotchev, & Wright, 2009; cited in Gedajilovic et al 2012), and the emergence, survival and mortality of organisational forms (e.g. Chua, Chrisman, & Chang, 2004; cited in Gedajilovic et al 2012).

The second stream Gedajilovic et al (2012) state, examines how the institutional context moderates the relative performance of family businesses, addressing issues relating to international business (e.g. M.W. Peng & Jiang, 2010; cited in Gedajilovic et al 2012), entrepreneurship (e.g. Ahlstrom & Li, 2010; Zahra, 2005; cited in Gedajilovic et al 2012), and Institutional theory scholars (e.g. Hamilton & Biggart, 1988; cited in Gedajilovic et al 2012) who engage with research in relation to regional economic development (e.g. Peredo & Chrisman, 2006; cited in Gedajilovic et al 2012), the effects of local institutions on firm competitiveness (Morosini, 2004; cited in Gedajilovic et al 2012), cross-cultural management practices (Khavul, Bruton & Wood, 2009; cited in Gedajilovic et al 2012), and the institutionalisation and deinstitutionalisation of organisational forms (Carney & Gedajilovic, 2002; cited in Gedajilovic et al 2012).

Gedajilovic et al's (2012) review of family literature also characterised the stock of family literature into effort-based, ability-based and combined effort and ability research, and then by whether there were positive or negative empirical findings in relation to business performance. Gedajilovic et al (2012) conclude that "*whether the combination of effort and ability drives net positive or negative performance effects has not yet been articulated or empirically tested in the literature*". Quadrant analysis was used to organise the research into four distinct scenarios representing

a synthesis of the main theoretical positions and empirical findings regarding the relative performance of family firms.

Figure 7 Joint Effects of Effort Intensity and Ability in Family Firms (Gedajlovic et al, 2012)

		Positive	Effort	Negative
Abilities	Positive	1. Able stewardship		2. Indeterminate
	Negative	3. Indeterminate		4. Intergenerational deterioration

Family firm research that concludes they are positive for effort and ability Gedajlovic et al (2012) classed as able stewardship, with those in negative effort and ability classed as intergenerational deterioration, and those in either the negative effort and positive abilities or positive effort and negative abilities quadrants classed as indeterminate.

Quadrant 1, in Figure 7, the ‘able stewardship’ scenario brings together research that shows family businesses as: high-powered organisations characterised by strong economic and social incentives, prudently manage scarce and valuable resources, cultivate social and reputation capital, effectively use entrepreneurial heuristics to make timely strategic decisions, and transmit valuable tacit knowledge to the next generation (Gedajlovic et al, 2012).

Whereas Quadrant 4, ‘Intergenerational deterioration’ scenario brings together research that emphasises the negative side of family firms which results in: conflict,

family opportunism, non-family withholding effort, firm capabilities constrained by nepotism, insular management, and excessive risk aversion due to dominance of family control over value creation (Gedajlovic et al, 2012).

These two quadrants emphasize the notion that family business performance is highly dispersed with concentrations at both ends of the positive and negative distribution range (Bennesden et al, 2010; cited in Gedajlovic et al, 2012). Those businesses in quadrants 2 and 3 are expected to fall somewhere in-between in terms of performance (Gedajlovic et al, 2012).

In overview, it can be stated that the research and theory generation to date has resulted in the creation of two opposing but widely held paradigms emerging from the body of literature relating to family business performance. The first is that family firms generally outperform nonfamily firms (McCounaughy, Matthews, & Fialko, 2001 cited in Rutherford et al, 2008), and that competitive advantages are gained from a relatively high number of family firms, due to the long-term perspective that family involvement encourages (e.g. Burkhart, Panunzi, & Shleifer, 2002 cited in Rutherford et al, 2008). Another group of academics (mainly in the management field) hold the opposite view that family firms will underperform in comparison to other firms due to being unprofessionally managed, the practice of nepotism, and are vulnerable to entrenchment (Lansberg, Perrow & Rogolsky, 1998 cited in Rutherford et al, 2008).

My proposed research falls within Gedajilovic et al (2012) first broad research stream i.e. focused on whether family businesses out or under perform other types of firms. However, the major difference is that I will be focused on understanding performance differences amongst family businesses, and the role family business

system dynamics plays as a potentially significant performance moderating variable.

4.3 Review of Family Business Research Themes that are of Particular Relevance to the Proposed Research Focus

The literature review undertaken for this dissertation also identified a number of specific academic literature research themes that are of especial significance for the proposed empirical research outlined in section 6 of this dissertation, and which are discussed below.

4.3.1 Entrepreneurial Sustainability and Renewal

Researchers have identified several significant moderating effects in relation to family business and level of entrepreneurship such as generation, openness and family cohesion, and innovativeness in the prediction of performance (Eddleston et al, 2012). Of interest for my research is the evidence that suggests that the determinants of entrepreneurship may be different for young versus older, larger or later generation firms (Gersick et al, 1997; Hoy and Sharma 2010, cited in Eddleston, et al, 2012). Eddleston et al (2012) also state that future research should explore how factors such as age, size and generation ownership may help to explain the divergent views of family firms as either stagnant or entrepreneurial.

Empirical research (survey of 231 medium-size manufacturers in USA) by Zahra et al (2000) demonstrated there is a link between the development and commitment to corporate entrepreneurship (CE) within medium-sized companies and its ownership and governance systems (an important facet of family businesses). The research found that commitment to CE is high when; executives own stock in their company, the board chair and CEO are not the same person, has a medium board size, and outside directors own stock in the company. Overall, the findings suggest

that executives' ownership in their companies is important for promoting and sustaining innovation and venturing. They also highlight the role of medium-sized companies as pioneers of technological change in their sectors. This research suggests family businesses, with their overlap across ownership and management, should display high levels of CE, yet as has already been stated the family business research literature points to diversity in this respect.

4.3.2 Family Effectiveness as a Key Variable

It is of specific relevance to this dissertation and future proposed research that there remains a distinct lack of research that explores the family dimension, drawing on mainstream family science theory, as well as mainstream business theory, to understand the individual family, and its distinct characteristics and resources, within each family business. As has already been stated until recently the heterogeneity of family businesses was largely overlooked as the majority of research to date has focused on understanding performance (mainly economic) differences with non-family businesses and not between family businesses²⁴, thus the family as a key differentiating variable has to date been largely neglected in academic work (Dyer, 2003, cited in Dyer & Dyer, 2009), resulting in a key knowledge gap within family business research i.e. *“Do effective families spawn effective businesses (and vice versa)?”* (Dyer & Dyer, 2009 p.217).

4.3.3 Goal Orientation, Formation and Family Centred Goals

There is also growing recognition of the importance of, and knowledge gap, in relation to, the development and achievement of family centred economic and non-financial goals in family businesses, their impact on business performance and how the pursuit of these goals creates performance distinctions within the family

²⁴ Resulting in mixed empirical findings – some studies show that family firms out-perform non-family and other that they persistently under-perform and additionally a number of other studies have found no relationship or a complex, non-linear and multifaceted relationship with many moderating and mediating factors (A. D. Massis, 2012)

business population, in addition to the creation of distinctions with non-family businesses (Debicki et al, 2009). An empirical study by Westhead and Howarth (2006; cited in De Massis et al 2012, p.18) shows that family ownership is not a sufficient predictor of the adoption of family-centred goals. Whilst Chrisman et al (2012) demonstrate that the extent to which small family firms will pursue family-centred non-economic goals is determined by the urgency or importance of such goals.

The lack of focus on non-economic goals and performance is surprising given much research has demonstrated that family businesses tend to be characterised by particularistic objectives and aspects such as long-term strategic orientation, strong collective identity/family/firm values, and strong commitment to business survival. It is now increasingly recognised that economic wealth generation may not be the primary goal within many family business, who instead value a range a financial and non-financial outcomes (Berrone et al, 2012; Gomez-Mejia et al, 2007; cited in Chirico & DeTienne, 2013). Astrachan (2010) states that family businesses have been found to set their own idiosyncratic performance measures and goals, and to differ from non-family businesses in terms of their performance, value, and capital structure. Yet, Astrachan (2010) notes that most of the empirical performance research to date has focused only on financial data, with no established criteria available to fully assess family firm performance that takes account of non-financial performance.

Encouragingly, family business goals are now beginning to be classified by researchers into economic and non-economic and whether these are directed towards the interests of the business or family or both (De Massis et al, 2012). It is also argued by Chrisman et al (2003c, cited De Massis et al, 2012) that family values are likely to be important determinants of choices between family-centred

and other stakeholders' goals. Consensus is now building amongst family business researchers that goals will vary across family businesses and that in order to create more predictive power in the theories of the family firm requires *"untangling the complexity of the management processes resulting from the systematic interactions between the family, the ownership, and the business systems to understand the processes underlying the adoption of family centred goals"* (Kotlar & Massis, 2013, p1282).

At a discrete level the specific nature and type of family centred goals within family business has been well researched and includes: autonomy and control (Olson et al., 2003 cited in Zellweger et al., 2011); family cohesiveness, supportiveness, and loyalty (Sorenson, 1999, cited in Brush et al., 2011); harmony, belonging, and trustful relations (Sharma & Manikutty, 2005, cited in Zellweger et al., 2011); pride (Zellweger & Nason, 2008, cited in Zellweger et al., 2011), as well as family name recognition, respect, status and goodwill in the community (Sorenson; Tagiuri & Davis, 1992, cited in Zellweger et al., 2011). Yet a *"compelling theory-based rationale explaining the relationship between nonfinancial goals at the family level and nonfinancial goals at the firm level is lacking"* (Zellweger et al, 2011, p.231).

4.3.4 Concept of Socio-Emotional Wealth

As a step towards understanding the link between the family and the pursuit of family centred goals at the firm level Gomez-Mejia et al (2007) developed the concept of Socioemotional Wealth (SEW), based on behavioural agency theory, to explain how family businesses frame strategic choices that takes account of these wider goals. Since then it has been argued that SEW empirical findings to date suggest that family businesses are SEW loss averse i.e. *"the non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty"*, and that

preserving the firm's SEW "*represents a key goal in and of itself*" (cited in Chirico & DeTienne, 2013, p.1302).

However, Naldi et al (2013) also state that what leads some family firms to place a high priority on financial rather than SEW concerns remains a relatively unexplored issue and represents an important area for future research. Whilst Zellweger et al (2011) suggest that relevant studies to date collectively "*propose a prospect theory argument for why family firms are inclined to strive for socio-emotional and non-financial goals*". They argue that "*a socio-emotional reference point builds as a consequence of organisational identity considerations*", which "*may not adhere to traditional economic-based explanations of managerial behaviour*" (Livengood & Reger, 2010; cited in Zellweger et al, 2011, p.230).

4.3.5 Recent Use & Developments in the SEW Concept

Miller and Le Breton-Miller (2014) state that the concept of SEW is becoming increasingly used within family business articles that have been published in the last twelve months. A key word search using Aston's e-library smart search facility confirms this with a return of a 139 academic articles published since 2013 with the words "socioemotional wealth" included in the paper and 77 returns when this is combined with "family business".

However, Miller and Le Breton-Miller (2014), pose a number of challenges to researchers who are using the concept of SEW. They also suggest that as an initial step to overcoming some of the SEW challenges they highlight, is for researchers to begin using a typology of SEW priorities that divides these into those that are narrow and of short-term benefit to the family, and those that are of more enduring benefit and to a broader range of stakeholders. Shown in Figure 8 below is Miller and Le Breton-Miller's (2014) suggested SEW priority typology.

Figure 8 **Contrasting Restricted versus Extended SEW Priorities (Miller & Le Breton-Miller, 2014)**

	Restricted SEW	Extended SEW
Typical SEW priorities	Permanent job security and access to business resources for all current family members	Long-term well-being of motivated later generations able and willing to nurture the firm
Focal stakeholders	Immediate family	The family over time, the business and all its stakeholders
Related theories	Agency and behavioural agency theory, family altruism	Stewardship theory, stakeholder theory, sustainability
Governance arrangement	Family dominated leadership and governance – regardless capability	Competent, motivated family members only; balance between family and nonfamily executives and directors
Strategic outcomes	Strategic conservatism or stagnation, sparse investment in the business, risk aversion, family extraction of funds from the business	Generous investment in products and processes; continuous reinvestment in the business and its renewal
Commercial outcomes	Inferior growth and longevity	Superior growth and longevity
SEW outcomes	Nepotism, entrenchment, family control of firm	Family pride in offerings and in relations with stakeholders in the community

4.3.6 FIBER – A Proposed Method for Measuring the SEW Construct

Furthermore, Berrone et al (2012) state that although the SEW model helps researchers to understand noneconomic reference points within family business decision making that cannot be explained by applying economic reference points (Zellweger, Kellermanns, et al, 2011; cited in Berrone et al, 2012), the construct is also broad and has yet to be directly measured (Berrone et al, 2012). To this end Berrone et al (2012) propose a set of dimensions of SEW, based on prior research, which they label FIBER (Family control and Influence – Identification of family members with the firm – Binding social ties – Emotional attachment of family members – Renewal of family bonds to the firm through dynastic succession). Within each of these SEW dimensions are a number of proposed construct items that Berrone et al (2012) believe offers a way to operationalise the concept of SEW, these are shown in appendix 2.

Miller and Le Breton-Miller's (2014) SEW typology, and their typology of firm evolution and Socioemotional wealth priorities (2013) - shown in Figure 9 and Berrone et al's (2012) FIBER measurement of SEW will all be considered in more depth within the PhD research project, along with a review of their suggested research questions and relevance to my proposed research.

4.3.7 The Role of SEW in Family Business Governance and Survival

As already discussed, a main, and yet unresolved, issue within family business literature is whether or not family businesses perform better than non-family businesses. A key aspect within family business performance research is the question of whether family businesses, with their long-term and inter-generational focus, are more likely to survive over the long-term, compared to non-family businesses (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012; Wright & Kellermanns, 2011, cited in Wilson et al, 2013).

To date survival with the succession literature has focused more on whether the family remains within the business, rather than the survival of business as an entity (Wilson et al, 2013). A recent empirical UK study by Wilson et al (2013) has sought to provide answers to this question, and what the determining factors are in relation to board composition. Wilson et al (2013) used Companies House data, containing over 700,000 medium and large private family²⁵ and non-family firms with annual sales turnover of at least £6.5 million, or at least 50 employees. The statistical (logistical regression) results showed that family firms did have a significantly lower failure (i.e. bankruptcy) rate than the non-family sample, with board attributes associated with lower bankruptcy risk being, board size, age and experience of directors, gender diversity, director (co)location, and networks (multiple directorships). Wilson et al (2013) from their empirical findings suggest that boards in family firms may aid firm business survival because they have been recruited to provide human and social capital not only to protect the financial performance of the firm but also to protect its Socioemotional Wealth (SEW), whereas boards in non-family firms are purely focused on financial preservation.

4.3.8 SEW Focus, Governance Structures and Generational Involvement

Le Breton-Miller and Miller (2013) build on Wilson et al's (2013) findings and suggested areas for future research to create their thesis that differences in the stages of evolution of family firms and the nature of family involvement can influence the SEW priorities of owners and managers, which in turn determine the board compositions most likely to enhance firm survival. Le Breton-Miller and Miller (2013) argue that each firm evolution stage (founder, post-founder, cousin consortium) has typical firm and family characteristics which influence the SEW priorities, and shape the board composition and focus. They create a number of

²⁵ Definition used – Family business if family has more than 50% of the shares of the firm, two or more shareholders have the same name, and at least one family shareholder is also a director.

(simplified and non-exhaustive) typologies, shown in Figure 9 which they suggest subsequent researchers could use as a source of hypotheses to guide empirical analysis of SEW, its consequences for board composition and firm survival at different family firm life cycles.

The above thesis is closely related to my proposed focus on achieving a better understanding of differences in the orientation of family centred economic and non-economic goals, and their subsequent business and family performance implications. Thus the usefulness of the suggested typologies outlined in Figure 9 will be considered in more detail in the future PhD work. In particular I will consider extending the created typology to include other dimensions such as family system dynamics i.e. is the family a balanced or unbalanced type based on the Circumplex Model, and/or the Family Climate Scale (Bjornberg & Nicholson, 2007), in conjunction with Distelberg and Sorenson's (2009) five types of family business systems: one that is balanced, two that favour the family system and two that favour the business system, as was shown in Figure 5. The governance, goal orientation and performance implications of the inclusion of family dynamic and family to business orientation will then be considered within an extended version of Kotlar & De Massis's (2013) conceptual model of the goal setting process in family firms – see section 4.3.9.

Figure 9 Le Breton-Miller and Miller’s (2013) Typology of Firm Evolution, Socio-Emotional Wealth Priorities, and Useful Board Characteristics with Suggested Family Dynamics, and Family to Business Orientation Dimension Considerations (shown in shaded the green and blue shaded areas)

Circumplex Model Clinical Fating Categories (balanced and unbalanced family types)²⁶; or Family Climate Scale (Nicholson & Bjornberg (2007))	Stage of evolution	Founder Firms	Post-founder family firms	Cousin Consortia
	<ul style="list-style-type: none"> • Typical firm demographics • Typical family involvement 	<ul style="list-style-type: none"> • Young, small • Founder owned and run 	<ul style="list-style-type: none"> • Established, medium sized • Family owned and run 	<ul style="list-style-type: none"> • Older, larger, and more complex • Dispersed family ownership, sometimes nonfamily managed
	SEW Considerations			
	<ul style="list-style-type: none"> • Dynastic succession • Priorities • Family identification with firm • Emotional attachment amongst family members 	<ul style="list-style-type: none"> • Intended, not achieved • Pass on healthy firm to later generations • Family members are committed to the business • Usually strong – but sometimes founders are emotionally distant 	<ul style="list-style-type: none"> • Has occurred, or may be wished for • Just rewards for family members, family harmony • Family members still mostly committed • Closely attached nuclear family still involved, but some conflict 	<ul style="list-style-type: none"> • Questionable • Opportunities to use the firm as a family resource • Identification reduced for family members who are mere owners • Family members less attached – e.g. cousins less so than brothers
	Distelberg & Sorenson (2009) Continuum of Value Emphases in Family Business Systems (Figure 5 – Business Depleting, Balanced, through to Family Depleting)			

²⁶ Adapted from Olson & Gorall, 2003, cited in Nava & Lavee, 2012

Figure 9

Le Breton-Miller and Miller’s (2013 Typology of Firm Evolution, Socio-Emotional Wealth Priorities, and Useful Board Characteristics with my Suggested Family Dynamics, and Family to Business Orientation Dimension Considerations (shown in shaded the green and blue areas) – continued

Circumplex Model Clinical Fating Categories (balanced and unbalanced family types) ²⁷ or Family Climate Scale (Nicholson & Bjornberg (2007)	Stage of evolution	Founder Firms	Post-founder family firms	Cousin Consortia
	<p>Board Composition and Survival Considerations</p> <ul style="list-style-type: none"> Survival resources and challenges Board members that may enhance firm survival 	<p>Committed entrepreneur and family, but limited resources and liabilities of newness</p> <p>Suppliers of vital resources such as experts, and other small entrepreneurs. Family members who bring their efforts at low costs.</p>	<p>More family based and business resources, but greater potential for family conflict and sibling rivalry</p> <p>Equitable family and gender representation to ensure fairness. Seniors may be useful as “chief emotional officers”.</p> <p>Directors from local community to help build the business.</p>	<p>Significant commercial resources, but more complex business and great potential for conflict</p> <p>Family representation balanced by high-status, “objective”, experienced members who are respected by different branches of the family, expert in the business, and useful sources of conflict resolution.</p>
<p>Distelberg & Sorenson (2009) Continuum of Value Emphases in Family Business Systems (Figure 5 – Business Depleting, Balanced, through to Family Depleting)</p>				

²⁷ Adapted from Olson & Gorall, 2003, cited in Nava & Lavee, 2012

4.3.9 Goal Diversity & Goal Consensus Formation – Conceptual Model for Future Empirical Research

A recently developed conceptual model (shown in Figure 10) that offers the potential to be further developed and empirically tested within my proposed research is Kotlar and De Massis's (2013) process view of goal setting in family firms. They have developed from qualitative research a number of interesting propositions and a conceptual model (yet to be empirically tested and further refined) that seeks to link the family interactions with the formation and collective commitment to family centred business goals, which they describe as *"the collective commitment to family-centred goals is a mindset and a joint psychological state among family firm organisational members in terms of their feelings of loyalty to the family and the desire to invest mental and physical energy in helping to achieve family centred goals"* (Kotlar & De Massis, 2013, p.1280).

From Kotlar & De Massis's (2013) qualitative research it is asserted that the overlap of the family system with business ownership creates not only family centred goals but goal diversity, which family firms need to resolve. Kotlar & De Massis (2013) found that professional social interactions, actually, negatively affect individual commitment to family centred goals, whilst familiar social interactions positively affected individuals to commit to collective goals. A further key finding was goal diversity and then subsequent re-commitment to collective goals increases around a period of intra-family succession. Kotar & De Massis (2013) from this qualitative work have created the following propositions:

- **Proposition 1:** Goal diversity is more strongly expressed when an intra-family succession is imminent.
- **Proposition 2:** The greater the goal diversity, the higher the occurrence of goal-centred social interaction processes.

- **Proposition 3:** Professional social interactions involve administrative bargaining, whereas familial social interactions involve affective bargaining.
- **Proposition 4:** In professional social interactions, stabilisation is achieved through formal controls, whereas in familial social situations stabilisation follows social control mechanisms.
- **Proposition 5:** Goal Diversity is more strongly expressed when an intra-family succession is imminent.
- **Proposition 6:** The higher the reliance on professional social interactions, the lower the collective commitment to family-centred goals.
- **Proposition 7:** The higher the reliance on familial social interactions, the lower the collective commitment to family-centred goals.

4.3.10 Moderating Role of Organisational Psychological Capital

Memili et al (2013) further develop Kotlar & De Massis (2013) propositions by linking the construct of Collective Commitment to Family Centred Goals (CCFG) to its potential impact on family firm economic and non-economic performance. They also introduce the construct of Organisational Psychological Capital (OPC) – hope, efficacy, resilience and optimism – as an important moderating factor linking CCFG with economic and noneconomic performance. Memili et al's (2013) propositions are as follows:

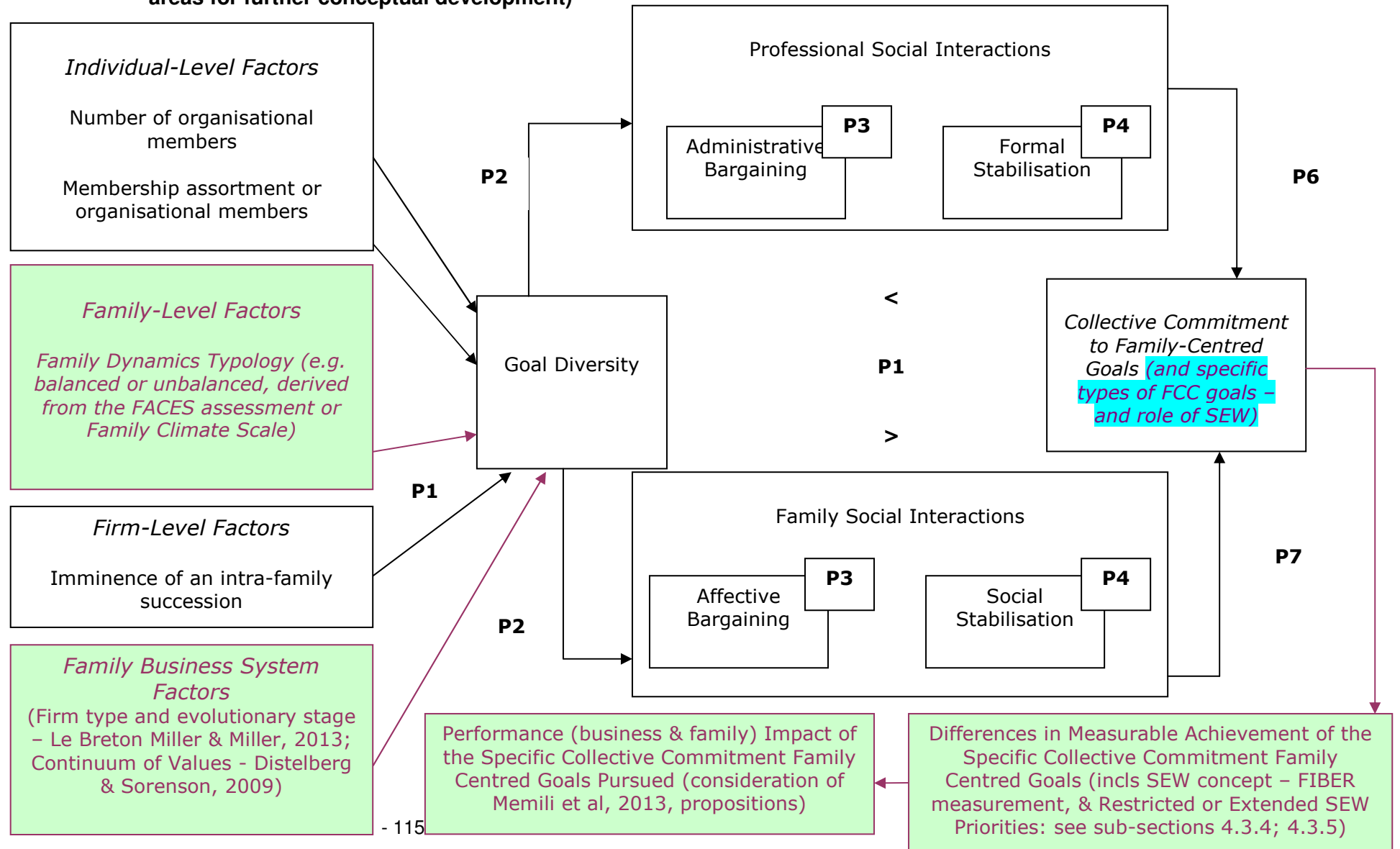
- **Proposition 1a:** CCFG will be positively associated with noneconomic family firm performance
- **Proposition 1b:** CCFG will have an inverted U-shaped relationship with economic family performance.
- **Proposition 2:** OPC will be more prevalent in family firms than in nonfamily firms.

- **Proposition 3a:** OPC will moderate the relationship between CCFG and noneconomic firm performance, such that OPC will strengthen the positive relationship between CCFG and noneconomic family firm performance.
- **Proposition 3b:** OPC will moderate the inverted U-shaped relationship between CCFG and economic family firm performance, such that OPC will strengthen the positive effects of CCFG on economic family firm performance up to an optimum level and after reaching an optimum level, OPC will strengthen the negative effects of CCFG on economic family firm performance.

Building on Kotlar and De Massis (2013) and Memili et al's (2013) propositions I also propose that the level and nature of goal diversity and the stabilising processes required to move to CCFG, as well as the moderating construct of OPC, are also likely to be mediated by the family system dynamics i.e. the levels of cohesion and adaptability, as measured using the Circumplex Model or via a (modified) FACES self-reporting measurement scale or the Family Climate Scale (Bjornberg & Nicholson, 2007).

I also will consider building into a wider conceptual model Le Breton-Miller & Miller (2013) thesis that different stages in the evolution, and typologies, of family firms (e.g. founder, postfounder and cousin consortia) influence the SEW priorities, and thus the nature, and level of diversity, in relation to goal formation within family businesses. I will also review the role of their (2014) proposed SEW typology differentiating between restricted and extended SEW priorities. Finally Distelberg & Sorenson's (2009) continuum of value emphases in family business systems will also be considered within a wider conceptual model as outlined in Figure 10.

Figure 10 Kotlar & De Massis Conceptual Model of Goal Setting Process in Family Firms (with my suggested i.e. shaded, areas for further conceptual development)



5 Proposed PhD Empirical Research Contribution

The preceding dissertation sections have set the context and rationale for my chosen primary research focus to be undertaken within my PhD. This section of the dissertation provides an understanding of the proposed primary research to be undertaken.

5.1 Proposed PhD Research Aim and Objectives

Research Aim:

My proposed primary research is to use the proposed conceptual model outlined in Figure 8 to create a theoretical and empirical framework that links the business family to the setting and achievement of family centred business goals, and subsequently to business (and family) performance.

Research Objectives:

To use a mixed method case study research approach, working within the UK family owned and managed MSB population:

- To understand the role that the business family (and its specific characteristics and dynamics) plays in creating identified differences in family centred performance goals in family MSBs; and
- To understand differences in the type, extent, role and achievement of family centred goals and how these are translated into the business goals operationalised within family owned and managed MSBs;
- To understand the subsequent impact and relationship these family centred business goals have on family MSB business economic performance, growth,

and survival profiles (including family survival and performance within the business).

Berrone et al (2012) state that partly due to measurement challenges, most family business research to date has treated family firms as a homogeneous group in their emphasis of SEW considerations. Therefore a key planned outcome of the research will be the development of valid and reliable measurement constructs that can be used to understand the full range of SEW or family centred business goals (Astrachan 2010; Wright and Kellermanns, 2011). Along with the examination of the moderating role the family variable has in the setting and achievement of these, and the subsequent relationship to, and the impact of family centred goals on observable and measurable business (and family) performance and growth measures (Hart et al, 2011).

My research will be undertaken within an overarching Resource Based View of the business and family systems theoretical framework, but will draw on the specific concepts of 'familiness' and 'socio-emotional wealth' (SEW), and the measurement scales that exist or have been proposed in relation to each concept. These measurement scales will be empirically validated, further refined, and potentially extended to the capture the role of family system dynamics in relation to the setting, achievement and performance outcomes of family-centred goals.

My intention is to identify suitable case study businesses using a purposeful sample approach. The sample criteria will be a combination of financial business performance evidence (i.e. whether or not the business has achieved sales growth in recent years), along with initial primary research (outlined in 5.2.1) that measures the family system dynamics (i.e. Family Climate Scale – Bjornberg & Nicholson, 2007), family business evolution stage and SEW considerations (Le Breton-Miller &

Miller 2013; Berrone et al, 2012), and Distelberg & Sorenson's (2009) continuum of values. Businesses will also be selected on the basis of a succession planned to take place within a 12 month period from the start of the case study work, in line with Kotlar & De Massis's (2013) work that suggests goal diversity increases at this point within a family business.

5.2 Mixed-Method Case Study Research Methodology Justification

Researchers working within the business field in general use quantitative and replicable research techniques, but often in conjunction with some form of qualitative research methods, for example case studies, that inform aspects such as theory generation and variable conceptualisation (Chrisman et al, 2012). Academics in this field of research are more likely to use a 'Logical Empiricism or Positivism' epistemological knowledge philosophy or paradigm. This view maintains that all knowledge is derived from direct observation and logical inferences are based on this observation (Newton & Rudestam, 2007). The underlying ontology within this research philosophy is that there is single reality that can be measured and explained (Lee & Lings, 2008).

Logical Empiricism is criticised, and is perceived to be at ontological odds, with other philosophical traditions within the social sciences such as Interpretivism and Social Construction. These philosophical paradigms emphasis that the study of human behaviour can never be achieved in a detached and objective way, as is believed in the 'Logical Empirical' philosophy, and that the perceived 'realities' are themselves socially constructed and thus vary between, individuals, over time, across cultures and circumstances (Neimeyer, 1993 cited in Newton, & Rudestam, 2007). The social construction ontology is complex but in summary researchers (employing qualitative research methods) hold that there is no single reality, instead there are multiple, socially constructed, and changing realities (Lee &

Lings, 2008) i.e. the knower and the known cannot be separated because the subjective knower is the only source of reality (Guba, 1990; cited in Molina-Azorin et al, 2012). Researchers who work within these different paradigms will not mix qualitative and quantitative research methods because they are held to be underpinned by incompatible ontological paradigms i.e. paradigmatic incommensurability.

A key criticism of recent family business research is that, although it is now conducted with more rigour (theoretical sophistication and empirical robustness) published research has a “mechanical quality”, which lacks understanding of “the forces that drive the empirical observations” (Zahra & Sharma, 2004, p.336, cited in Chrisman et al, 2012). There has been a call to use the full range of research methods, rather than a reliance on mainly quantitative methods (usually in the form of a databases alongside questionnaire-based studies) to date (Chrisman et al, 2012).

By choosing a mixed methods research design approach, which is widely used in business research (Currell & Towler, 2003, Edmondson & McManus, 2007, Woodside, 2004, 2010; cited in Harrison, 2013), I am seeking to address the above methodological criticism. Mixed methods research goes by numerous names e.g. blended research, triangulated studies, but ‘Mixed Methods’ is the most usual way of describing the use of qualitative and quantitative methods in a single study (Harrison, 2013).

It is important to clearly define in my research what is meant by a mixed methods approach²⁸, as this is still a debated issue. Its early use was criticised for lacking coherent rationales for its adoption (Greene, Caracelli, & Graham, 1989; cited in Harrison, 2013). Bryman (2006; cited in Harrison, 2013) has identified 16 rationales for conducting mixed method research, which has been augmented by Harrison and Reilly (2011; cited in Harrison, 2013). These rationales for mixed method use are also linked to the type of research design i.e. Exploratory, Explanatory, or Convergent (Harrison, 2013). My proposed research design is first exploratory before moving to an explanatory (and longitudinal) design phase.

Underpinning my use of a mixed methods approach is a Critical Realism (CR) paradigm. CR places a strong emphasis on ontology (divided into three domains: real, actual and empirical), and supports the idea of a reality i.e. an intransitive domain which exists independently of our knowledge or perception of it (Archer et al, 1998; Bhaskar, 1975, 1978, 1989; cited in Zachariadis et al, 2013). CR also recognises that knowledge generation is a human activity i.e. a transitive domain, and that new knowledge is articulated within these two dimensions. Taking a CR stance allows for knowledge to be relative and imperfect, but it also importantly states that some researchers will have more valid explanations or theories that approximate the intransitive domain than others (Zachariadis et al, 2013).

Finally, I have chosen mixed methods from a pragmatic perspective i.e. to be able to choose the mixture of methods and procedures that work best for answering the range of research questions posed (Johnson & Onwuegbuzie, 2004; cited in Harrison, 2013).

²⁸ I am using Teddie and Tashakkori's definition of Mixed Methods Research (MMR) (2010, cited in R, Cameron, 2011), "The broad inquiry logic that guides the selection of specific methods and that is informed by conceptual positions common to mixed method practitioners (e.g. the rejection of "either-or" choices at all levels of the research process)".

5.3 PhD Proposed Research Design - Case Study Approach

I propose to develop a longitudinal mixed methods case study approach for achieving the stated research aim and objectives. There are a number of reasons why I have chosen a mixed method longitudinal case study approach. One key reason is that most of the research questions that underpin the outlined research objectives are 'how' questions, such as "how does the pursuit of family centred, and non-economic goals impact on the strategic direction of the family business, as well as the business family", and 'why' questions, such as "why are there differences across business families in their pursuit of SEW or family centred goals", which quantitative only studies are not suitable for (Reay, Zhany, 2014, p.547).

A further reason for proposing a mixed method case study approach is that my research is taking a multi-theoretical and multi-disciplinary approach that will be need to conducted using a nested data approach, and on a multi-level analysis basis i.e. the individual and different groups through to the family business system level. De Massis & Kotlar (2014) suggest that case study design is a suitable methodology for achieving this as it copes with different variables of interest embedded in the context of the investigation, and relies on multiple sources of, and triangulated, evidence.

Furthermore, there has been a call for more multi-level analysis within the family business research community but many remain reluctant to undertake it due to its inherent complexity and difficulty (Hitt et al, 2007; cited in McKenny et al, 2014, p.594). Section 5.3.1 outlines the initial exploratory work that will precede the setting up and conducting of the longitudinal case study work.

5.3.1 Initial Exploratory Phase

I propose to undertake an initial small scale exploratory study using both research qualitative methods and secondary quantitative research analysis, in order to:

- I. Develop and agree upon the definition and measurement of the family element within family businesses for this study, which remains a contested area (Astrachan, 2010) – this is likely to result in a modified F-PEC Scale;
- II. Undertake further theory building, and development of the specific research hypotheses to be tested in the subsequent longitudinal case study research phase;
- III. Further develop a conceptual and explanatory model for measuring the development, achievement and performance impact of family centred goals in family businesses i.e. the specific facets of the constructs to be captured and measured;
- IV. Further develop a set of tested measures of relevant, valid and reliable dependent and independent variables for family centred goals (financial and non-financial) to investigate whether some performance dimensions are complementary or conflicting in relation to business performance as measured through sales growth (Wright & Kellermans, 2011; Stewart & Hitt, 2010; Zellweger & Nason, 2008 cited in Gedajilovic et al, 2010).

The proposed research methods and analysis techniques to be employed in this phase of the research are detailed below. My proposed research is both theory development and cross sectional in design, as I am seeking to develop a theoretical and empirical framework for understanding, observing, and measuring

variations between independent and dependent variables across different groups of family MSBs (Lee & Lings, 2008). I have already sought and obtained ethics approval from Aston University's ethics committee for the exploratory approach outline below. The submitted research interview guides are provided in appendix 4.

Literature Review and Key Expert Interviews - Development of Testable Hypotheses and Measurable Constructs

The central, and unique, feature identified by family business literature is the inter-connection of the family to the firm. As a result of my literature review to date, I believe that my research will need to draw on (and adapt) the key business theories present within recent academic family business performance research i.e. RBV using family theory, in order to understand the interplay of family to firm, and firm to family, in relation to the setting and achievement of family centred goals and their subsequent role and impact within family owned and managed MSBs. Given the current evidence of a lack of existing theoretical fit and related concepts and measurements to the phenomenon I wish to study, the research design and its implementation is likely to alternate between induction and deduction loops (Lee & Lings, 2008).

I will use a traditional process to move from theory, concept definition, measurement development and testing (D. Silverman, 2010 p.111; Lee and Hooley, 2005 cited in Lee & Lings, 2008, pg.164). I am working within a critical realism perspective, but as this is exploratory research there is initially a need to use qualitative methods as the phenomenon is not well understood, current theory is inadequate and at odds with empirical findings and knowledge is fragmented, contradictory and shallow (Punch, 2005; cited in Zellweger & Sieger, 2012). Additionally, my research objectives also pose how and why questions, for

example, 'If differences are apparent in the nature and role of family centred goals across family MSBs, why and how does this occur', which can not be answered through quantitative approaches alone (Silverman, 2010).

There are some elements of prior instrumentation (Miles and Huberman, 1984, cited in D. Silverman, 2010) that I can draw on, which have already been outlined in this dissertation, and which are provided in the appendices i.e. F-PEC (Astrachen et al, 2002), Family Climate Scales (Bjornberg & Nicholson, 2007), and FIBER (Berrone et al, 2012) but they will need further development and adaptation prior to undertaking any variable relationship testing.

There are numerous qualitative methods to choose from for this exploratory research phase; interviews, case studies, focus groups, ethnography, observation, textual analysis, action research etc. In-depth and semi-structured interviews are an appropriate research method for the theory building and the development of my hypothesised relationships (Fisher, 2010). Interviewing is the most popular method in qualitative research (Lee & Lings, 2008). I intend to select a number of academic and non-academic experts to interview chosen in conjunction with my supervisor. A manageable number interviews (5), will be conducted to fit within the research timetable and resource constraints. The Institute for Family Business (IFB), PWC (who run a family business survey), and Prof Stephen Roper (Warwick Business School and an expert on MSBs) will be approached to take part in this phase of the research.

The first approach will be to gain their permission and engagement, to outline explicitly what is being asked of them, and assure them of confidentiality, prior to setting up the semi-structured, in-depth, interviews (Miles & Huberman, 2002). My developed interview guide will need to specifically include my proposed constructs

and scales, with questions asked in relation to these; this will ensure consistency of exploration across the expert interviews. I will also need to:

- Prioritise and structure the areas of questions;
- Consider how each question will be asked – open, closed and whether with supporting materials;
- Whether all or only some questions are asked of different interviewees;
- Check length of time required (and its match to available interviewee time)
- Pilot the interview guide;
- Check language for relevance and remove any ambiguity;
- Decide on the recording method

Face to face interviews is the preferred approach, however to mitigate the lack of availability of expert interviewees, telephone or Skype interview options will be offered. These interviews, and subsequent communication (where agreed), will also provide an opportunity for a group of experts to see and provide input to iterations of my theoretical and conceptual models with assumptions clearly shown. This will build in to my exploratory research expert and multi-disciplinary academic challenge and analysis prior to moving to the field testing phase of my research. Limitations of this approach relate in the main to the validity of the expert's input, and ability to generalise from interview findings (Silverman, 2010). I will need to consider at the outset how to process and analyse the interview findings, as this will be a complex activity (Huberman & Miles, 2002).

Quantitative Analysis of Secondary Data - Development of Family MSB Performance Categories & Creation of Sampling Frame

Because I am ultimately seeking to establish if there is a relationship between the existence and achievement of non-economic goals in family MSBs (as well as the role of the family in creating these) and measurable business performance, I need to build into my research a quantitative element. To date, due to a lack of publically available secondary data that identifies family firms (Sharma, 2012) there has generally been reliance on (usually single respondent) survey data, with findings relating to perceived performance in relation to non-economic goals rather than using objective measures of economic and non-economic performance (Sharma, 2012). The approach outlined below attempts to overcome some of these limitations within the existing literature.

I intend to begin my exploration of empirical work by building on the recent research by Hart et al (2011) which suggests that MSBs, and in particular family owned MSBs, are less likely to be growing, using sales turnover as the measure. This study merged firm-level records from two different databases: the Business Structures Database (BSD) and FAME²⁹. I intend to use the already created 'narrow' family business definitions (Hart et al, 2011) and the available quantitative measures to categorise each Family MSBs into one of three groups; declining performance profile, stable performance profile, and strengthening performance profile, alongside the other range of firm characteristics these databases provide. I will need to consider conducting the performance analysis over different time

²⁹ The strength of the BSD is its near universal coverage of all firms in the UK, however it only provides information on a limited range of firm characteristics (employment, turnover, location, structure and industry sector). The strengths and weaknesses of FAME are complementary to those of the BSD, its coverage is considerably more limited, especially of smaller firms, but it reports a very wide range of characteristics, mainly those which appear in a firm's annual accounts. Firm-level identifiers are used to match records from each dataset and then merge them.

periods available as this likely to affect which performance category a family MSB is classed as. This activity will create a performance profile of the target businesses, and which will be used to create a sampling frame for the case study selection and any future explanatory research methods that differentiates family MSBs by their business financial performance.

This approach necessitates defining the family MSB group according to a 'components of involvement' rather than an 'essence' approach (Chua et al, 1999, cited in Chrisman et al, 2012), although consideration of 'essence' will be developed through the proposed use and adaptation of the F-PEC scale in the subsequent explanatory research phase.

In addition to the performance profiling work, as my intention is to understand the family role and involvement in the setting and achievement of family centred goals within family businesses, and its relationship to business performance, I will need to identify and take account of the potential affect of other moderating and mediating variables in relation to performance (O'Boyle Jr et al, 2012). Researchers have identified several significant moderating effects in relation to family business and performance such as generation, openness and family cohesion, and innovativeness (Eddleston, et al, 2010). I will begin with the selection of family MSBs (based on the BSD/Fame data analysis) that are similar based on known factors such as; sector, organisational size, location, exporting levels etc, except for differences in their performance profiles. I intend to work with the IFB (or PWC) to gain access to my selected family MSBs, (with sample substitutes) from each performance category i.e. six businesses (two per performance profile category). These case studies allow me to explore the potential moderating and mediating variables that would need to be factored into any future research.

Family MSBs Instrumental Case Studies

The purpose of the six proposed instrumental case studies (Silverman, 2010) is to test out the conceptual model and associated propositions, and the conceptual constructs and measures I will have developed and refined through the expert interviews. The case studies will be selected through a purposive sampling strategy (Silverman, 2010) outlined in the above section. The case studies will be undertaken in the family business location. A weakness to date in the family business literature is a focus on solely surveying or interviewing family members within the top management team (Chrisman et al, 2012). I will thus consider the merits of interviewing individuals outside of the top management team, and the inclusion of non-family members in my case study design. I have yet to determine the number of interviews and interviewee characteristics for each family business but it will be with a small number of interviewees so as to be manageable.

There is also likely to be an element of cognitive interviewing (Tourangeau, 1984), as I will be, in part, seeking to test out the design of questions and measurement scales to derive an understanding of the specific family centred goals pursued as well as the development of objective measures of success in achieving these. I will also seek permission to audio-record interviews to ensure small but significant responses are captured during the interview process, although I recognise this is an area that is commercially sensitive, as such some respondents may not agree to be recorded, even with assurances of confidentiality (Gummesson, 2000 cited in Lee & Lings, 2008). I will also seek access to key documentation to open up the possibility of content analysis alongside the analysis of interview findings, as this will help to validate the interview responses (Lee & Lings, 2008). I will also consider the use of respondent validation of interview write ups as an additional method (Lee & Lings, 2008).

Analysis – Qualitative Exploratory Phase

- **General Analysis Approach**

There is a high level of complexity to turn qualitative evidence into usable analysis, i.e. reducing it to the key ideas and concepts (Lee & Lings, 2008), but also in this case, in to usable analysis for testing hypotheses and develop reliable and valid concept measures. I will use Miles and Huberman's (1999) general approach to qualitative data analysis i.e. data is reduced, rearranged and integrated to form theory through coding and categorisation, with the use of data display to present and draw conclusions from it (Huberman & Miles, 2002).

The issue of reliability and validity is central to the question of how qualitative data is analysed (Lee & Lings, 2008), as without appropriate analysis methods and rigour qualitative findings are liable to be regarded as 'anecdotal' only (Lee & Lings, 2008), and thus lack reliability and validity. The concept of refutability (Silverman, 2005; cited in Lee & Lings, 2008) or deviant case analysis i.e. the need to seek to refute initial assumptions, and the use of specific analysis techniques, are seen to improve the perceived reliability and validity within qualitative research analysis, although such notions are also a contested area (Marshall & Rossman, 1999 cited in Lee & Lings, 2008).

The available qualitative analysis techniques allow the researcher to draw meaning from the qualitative data and then evaluate this against the developed theory (Lee & Lings, 2008). I have decided to develop a conceptual framework and measurement instruments that I will be seeking to refine and test through my qualitative research, but which has the potential to restrict new inductive insights (Lee & Lings, 2008). I will be using written notes, alongside transcripts of audio-recordings (where permission is granted), and will write up notes as quickly as is practical after interviews to capture 'vivid incidents' (Lee & Lings, 2008). I will use

Miles and Huberman's (1994) coding categories (descriptive, interpretative, and pattern) to create a coding hierarchy, and expect to use a matrix data display analysis to aid my cross-case analysis and create a cross-case conceptual framework (Lee & Lings, 2008, p.252). I also expect to use qualitative data analysis (QDA) software, such as NVIVO to aid my qualitative analysis, but need to use it as a tool rather than being driven by it, I will also expect to iteratively code case study findings (Lee & Lings, 2008).

Further Content Analysis from within the Case Studies

Triangulation is a way to improve the validity of the qualitative findings (Lee & Lings, 2008). The content analysis of provided documentation for each case study would allow the researcher to undertake additional qualitative analysis and compare this findings to those obtained through the case study interviews. Content analysis, especially computer aided, would allow me to analyse large amounts of textual information and systematically identify the presence of key words, concepts, themes etc. The text is then coded into categories and analysed using conceptual (existence and frequency) or relational (between concepts) analysis (Bougie & Sekaran, 2013). Content analysis not only would provide evidence to compare with interview evidence but provide an overview of the family/business environment under which the specific concepts are developed. The issue with content analysis is it relies on the researcher's judgement to code evidence into categories, which will vary across researchers (Fisher, 2010). This limitation might be mitigated thorough a peer assessment process, possibly using my supervisor.

Analytical Induction within the Case Studies

Although there is an argument to undertake qualitative research without existing theory, developed from Glaser and Strauss's (1967) Grounded Theory perspective, most qualitative research has some form of prior theorising (Lee & Lings, 2008).

Although I will be primarily undertaking deductive exploratory research, to qualitatively test developed hypotheses, I will need to consider the case study evidence also from an analytical induction viewpoint (Bougie & Sekaran, 2013), allowing for the modification of the proposed hypothetical explanations for the existence and impact of non-economic goals with different performing family MSBs, base on the qualitative evidence and analysis undertaken, especially if the case study evidence is found to be at odds with the theoretical model and hypotheses.

Consideration of the Unit of Analysis

The unit of analysis used in most recent research has largely been at the firm level, with some unit of analysis at the household and individual levels (Chrisman et al, 2012), yet this firm level research has actually provided strong evidence of the need to consider the business families, *“research needs to be designed to understand the interplay of different business units controlled by families as well as better understand this special breed of enterprising families”* (Chrisman et al, 2012). Chrisman et al (2012) also state that given that family involvement is the fundamental independent variable in the field (Litz et al, 2012; Stewart and Hitt, 2012; Yu et al 2012; cited in Chrisman et al, 2012), *“it behoves us to deepen our knowledge of variables related to the family system so we will better understand the why, when, and how its characteristics [and] attributes are likely to influence the behaviors and performance of family firms”*.

I will also be using the exploratory qualitative research to consider the type of analysis that is appropriate and possible within the subsequent longitudinal case study research design i.e. exploration of linear and non-linear relationships, multiple analysis levels i.e. firm level and individual level variables, performance and growth measurements (hard i.e. financial v other performance measures i.e. achievement of non-financial/economic firm objectives), longitudinal measurement

of performance and growth, and wider community and economic impact measurements, how to capture latent variables for example the creation and measurement of perceptual variables such as level of family trust, commitment, and cohesiveness, and the capture of other evidence from other key stakeholders e.g. employees and customers (Eddleston, et al, 2010;Westhead and Howorth 2006; Chrisman et al 2003, Corbetta and Salvato, 2004, cited in Duh 2010).

Practical & Ethical Considerations

- **Managing Time & Resources**

Also of importance to the success of my exploratory research are practical issues such as; availability of data, access to experts and family and non-family MSBs for case study development and the length of time over which the research will be conducted.

The scale and complexity of the exploratory research has been constrained to minimise the risk of incompleteness. I will aim to conduct the initial exploratory research over a 2-3 month time period, in the first year of my PhD, in order to have sufficient time to identify, and commence longitudinal case studies with the selected businesses to span at least 12 months. To minimise the access risks I will engage with the Institute for Family Businesses early on and involve this body through the expert interviews. IFB is also important as it has the credibility and visibility to encourage case study sign up. I also have strong contacts with the Greater Birmingham & Solihull and the Leicester & Leicestershire Local Enterprise Partnerships, which could be used to identify and access suitable case study businesses, should alternative case study routes be required.

I expect my subsequent longitudinal case study work to run for at least 18 months to allow for an understanding of how the variables under investigation relate to each other over time, yet allows for sufficient time for analysis and thesis write up work. I have already completed my research methods course (RMC) at Aston which will allow me to focus on my doctoral research project from the commencement of my PhD.

- **Ethical Issues**

The proposed research participants are professionals and business owners and managers. They are not categorised as vulnerable groups and are competent to give informed consent. However, key ethical principles such as right to decline, confidentiality, anonymity, informed consent, objectivity of the researcher, storage, reporting and misuse of research will be considered at each point of the research process, adhering to Aston University's ethical research guidelines.

In particular, interview consents will be requested in writing and records of consent will be maintained. A written procedure for making complaints will be provided for all research participants; initially this will involve my academic supervisor. No inducements will be made to engage research participants. All research respondents will be made aware of their right to withdraw their consent at any time. The anonymity of respondents will be preserved unless they have given their informed consent for their details to be revealed or for attributable comments to be published. All data will be held and handled to conform to the national legislation relevant to a research project in particular the Data Protection Act 1998.

All research contributions, intellectual property, and authorship will be acknowledged and intellectual and property rights complied with.

6 Dissertation Summary

The literature review undertaken for this dissertation confirms the lack of research that explores the family dimension, which combines mainstream family science theory with mainstream business theory, to understand the individual business owning family, and its distinct characteristics and resources, within each family business. The heterogeneity of family businesses has been largely overlooked as the majority of research to date has focused on understanding performance (mainly economic) differences with non-family businesses and not between family businesses³⁰, thus the family as a key differentiating variable has to date been largely neglected in academic work (Dyer, 2003, cited in Dyer & Dyer, 2009), resulting in a key knowledge gap within family business research i.e. “*Do effective families spawn effective businesses (and vice versa)?*” (Dyer & Dyer, 2009 p.217). Furthermore mid-sized businesses as a discrete population group have yet to feature in academic family business research (De Massis et al, 2012).

There is also growing recognition of the importance of, and knowledge gap, in relation to, the development and achievement of family centred economic and non-financial goals in family businesses, their impact on business performance and how the pursuit of these goals creates performance distinctions within the family business population, in addition to the creation of distinctions with non-family businesses (Debicki et al, 2009).

In order to overcome these limitations within family business research, I have proposed to draw on and further extend Kotlar and De Massis’s (2013) process view of goal setting in family firms, and Memili et al’s (2013) propositions which link the Kotlar and De Masis’s construct of Collective Commitment to Family Centred

³⁰ Resulting in mixed empirical findings – some studies show that family firms out-perform non-family and other that they persistently under-perform and additionally a number of other studies have found no relationship or a complex, non-linear and multifaceted relationship with many moderating and mediating factors (De Massis, 2012)

Goals (CCFG) to its potential impact on family firm economic and non-economic performance.

Central to building on Kotlar and De Massis (2013) and Memili et al's (2013) propositions is my assertion that these processes will be mediated by the family system dynamics i.e. the levels of cohesion and adaptability, as measured using the Circumplex Model or via a (modified) FACES self-reporting measurement scale or the Family Climate Scale (Bjornberg & Nicholson, 2007).

Additionally, Le Breton-Miller & Miller (2013) thesis that different stages in the evolution, and typologies, of family firms (e.g. founder, postfounder and cousin consortia) influence the SEW priorities, and thus the nature, and level of diversity, in relation to goal formation within family businesses, will also be accounted for as further moderators. Finally Distelberg & Sorenson's (2009) continuum of value emphases in family business systems will also be considered within a wider conceptual model to be developed after initial exploratory case study interviews with six, purposively sampled, mid-sized family businesses.

Berrone et al (2012) state that partly due to measurement challenges, most family business research to date has treated family firms as a homogeneous group in their emphasis of SEW considerations. Therefore a key planned outcome of the research will be the development of valid and reliable measurement constructs that can be used to understand the full range of SEW or family centred business goals (Astrachan 2010; Wright and Kellermanns, 2011). Along with the examination of the moderating role the family variable has in the setting and achievement of these, and the subsequent relationship to, and the impact of family centred goals on observable and measurable business (and family) performance and growth measures (Hart et al, 2011).

My research will be undertaken within an overarching Resource Based View of the business and family systems theoretical framework, but will draw on the specific concepts of 'familiness' and 'socio-emotional wealth' (SEW), and the measurement scales that exist or have been proposed in relation to each concept. These measurement scales will be empirically validated, further refined, and potentially extended to the capture the role of family system dynamics in relation to the setting, achievement and performance outcomes of family-centred goals.

7 Appendices

7.1 Appendix 1 - Family Business Definition: EU Expert Group on Family Business (2009)

A family firm, of any size, is a family business, if:

- 1) The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share of capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.*
- 2) The majority of decision-making rights are indirect or direct.*
- 3) At least one representative of the family or kin is formally involved in the governance of the firm.*
- 4) Listed companies meet the definitions of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital.*

7.2 Appendix 2 – Proposed Survey Items to Measure Socioemotional Wealth Dimensions i.e. FIBER (Berrone et al, 2012)

SEW dimensions and representative studies	Proposed Items
<p>Family Control & Influence: Lee and Rogoff (1996), Klein, Astrachan, and Smyrinos (2005)</p>	<p>The majority of the shares in my family business are owned by family members.</p> <p>In my family business, family members exert control over the company's strategic decisions.</p> <p>In my family business, most executive positions are occupied by family members.</p> <p>In my family business, nonfamily managers and directors are named by family members.</p> <p>The board of directors is mainly composed of family members.</p> <p>Preservation of family control and independence are important goals for my family business.</p>
<p>Identification of Family Members with the Firm: O'Reilly and Chatman (1986), Allen and Meyer (1990), Carlock and Ward (2001), Klein et al. (2005)</p>	<p>Family members have a strong sense of belonging to my family business.</p> <p>Family members feel that the family business's success is their own success.</p> <p>My family business has a great deal of personal meaning for family members.</p> <p>Being a member of the family business helps define who we are.</p>

SEW dimensions and representative studies	Proposed Items
	<p>Family members are proud to tell others that we are part of the family business.</p> <p>Customers often associate the family name with the family business's products and services.</p>
<p>Binding Social Ties: Miller and Le Breton-Miller (2005), Miller, Jangwoo, Sooduck, and Le Breton-Miller (2009), Cruz et al. (2010)</p>	<p>My family business is very active in promoting social activities at the community level.</p> <p>In my family business, nonfamily employees are treated as part of the family.</p> <p>In my family business, contractual relationships are mainly based on trust and norms of reciprocity.</p> <p>Building strong relationships with other institutions (i.e. other companies, professional associations, government agents, etc) is important for my family business.</p> <p>Contracts with suppliers are based on enduring long-term relationships in my family business.</p>

SEW dimensions and representative studies	Proposed Items
<p>Emotional Attachment of Family Members: O'Reilly and Chatman (1986), Allen and Meyer (1990), Carlock and Ward (2001), Eddleston and Kellermans (2007)</p>	<p>Emotions and sentiments often affect decision-making processes in my family business.</p> <p>Protecting the welfare of family members is critical to us, apart from personal contributions to the business.</p> <p>In my family business, the emotional bonds between family members are very strong.</p> <p>In my family business, affective considerations are often as important as economic considerations.</p> <p>Strong emotional ties among family members help us to maintain a positive self-concept.</p> <p>In my family business, family members feel warmth for each other.</p>
<p>Renewal of Family Bonds Through Dynastic Succession: Lee and Rogodff (1996), Zellweger, Kellermans, Chrisman, and Chua (2011)</p>	<p>Continuing the family legacy and tradition is an important goal for my family business.</p> <p>Family owners are less likely to evaluate their investment on a short-term basis.</p> <p>Family members would be unlikely to consider selling the family business.</p> <p>Successful business transfer to the next generation is an important goal for family members.</p>

7.3 Appendix 3 – Family Climate Scales (Bjornberg & Nicholson, 2007)

Dimensions	Scale Items
Open communication	<p>In this family:</p> <ol style="list-style-type: none"> 1. people don't openly express their opinions 2. we keep our views pretty much to ourselves 3. we are polite rather than honest in how we communicate with each other 4. we regularly talk about things that concern us 5. people are not interested in each others' opinions 6. we take time to listen to each other 7. we bring issues out in the open, good or bad 8. we are frank with each other
Intergenerational authority	<ol style="list-style-type: none"> 9. the younger generations try to conform with what the older generation would want 10. the wishes of the older generation is obeyed 11. the authority of the older generation is not questioned 12. family members of the older generation set the rules 13. we make decisions with every person having an equal say, regardless of seniority 14. older and younger members have equal amounts of power 15. the word of the older generation is law 16. the younger generation is encouraged to freely challenge the opinions of the older generation

Dimensions	Scale Items
Intergenerational attention	<p>In this family:</p> <p>17. the older generation takes a close interest in the activities of the younger generation</p> <p>18. the older generation shows an active concern for the welfare of the younger generation</p> <p>19. the younger generation are expected to look after their own interests</p> <p>20. older members have a protected attitude toward the younger members</p> <p>21. the older generation is highly supportive to the goals of the younger generation</p> <p>22. the older generation is highly supportive to the goals of the younger generation</p> <p>23. the older generation is very responsive to the needs of the younger generation</p> <p>24. older family members are attentive to the concerns of younger family members</p>
Cognitive cohesion	<p>25. we have similar views on things</p> <p>26. we tend to have widely differing views on most social issues</p> <p>27. we have shared interests and tastes</p> <p>28. our attitudes and beliefs are pretty similar</p> <p>29. we do not have much in common</p> <p>30. we think alike</p> <p>31. we have radically different perspectives on things</p> <p>32. our values are very similar</p>

Dimensions	Scale Items
Emotional Cohesion	<p>In this family:</p> <p>33. for many of us our strongest emotional ties are outside the family</p> <p>34. the emotional bond between us all is very strong</p> <p>35. we usually feel happy to be with each other</p> <p>36. we miss each other when we're apart for a while</p> <p>37. family members make each other feel secure</p> <p>38. family members feel warmth for each other</p> <p>39. we are not emotionally close</p> <p>40. we feel a lot of love for each other</p>
Adaptability	<p>41. we face challenges very effectively</p> <p>42. we are flexible and adaptable in how we deal with difficulties</p> <p>43. we are poor at dealing with the unexpected</p> <p>44. we are always able to help each other when the need arises</p> <p>45. in solving problems, we are not often willing to change our routines</p> <p>46. we approach problems with a positive mindset</p> <p>47. we know we have the power to solve major problems</p> <p>48. when we face difficulties we work together effectively</p>

**7.4 Appendix 4 – Exploratory Phase of the PhD Research:
Questionnaire and Interview Guides (has already gained Aston Ethics
Committee approval)**

Family MSB Questionnaire (for completion prior to interview)
**Please complete the following questions and return your completed
questionnaire using the pre-paid envelope provided, or electronically to
lanzs@aston.ac.uk**

Section One: Family-Power, Experience, Culture Questionnaire
(source: Astrachan et al, 2002)

Part 1: The Power Subscale

Definitions

- *Family is defined as a group of persons including those who are either offspring of a couple (no matter what generation) and their in-laws as well as their legally adopted children.*
- *Ownership means ownership of stock or company capital. When the percentage of voting rights differs from percentage of ownership, please indicate voting rights.*
- *Management board refers to the company board that manages or runs an entity(ies).*
- *Persons named through family members represent the ideas, goals, and values of the family.*

1. Please indicate the proportion of share ownership held by family and nonfamily members:

- (a) Family _____ %
(b) Nonfamily _____ %

2. Are shares held in a holding company or similar entity (e.g., trust)?

1. Yes 2. No

If YES, please indicate the proportion of ownership:

- (a) Main company owned by: (i) direct family ownership: _____ %
(ii) direct nonfamily: _____ ownership: _____ %
(iii) holding company: _____ %
(b) Holding company owned by: (i) family ownership: _____ %
(ii) nonfamily ownership: _____ %
(iii) 2nd holding company : _____ %
(c) 2nd holding company owned by: (i) _____ family ownership : _____ %

3. Does the business have a governance board? 1. Yes 2. No

If YES:

- (a) How many board members does it comprise? _____ members
(b) How many board members are family? _____ family members

(c) How many nonfamily (external) members nominated by the family are on the board? _____ nonfamily members

4. Does the business have a management board? 1. Yes 2. No

If YES:

(a) How many persons does it comprise? _____ members

(b) How many management board members are family? _____ family members

(c) How many nonfamily board members are chosen through them? _____ nonfamily member

Part 2: The Experience Subscale
Definitions

- *The founding generation is viewed as the 1st generation*
- *Active family members involve those family members who contribute substantially to the business. These individuals might hold official positions in the business as shareholders, board members or employees.*

1. What generation owns the company? _____ generation

2. What generation(s) manage(s) the company? _____ generation

3. What generation is active on the governance board? _____ generation

4. How many family members participate actively in the business? _____ members

5. How many family members do not participate actively in the business but are interested? _____ members

6. How many family members are not (yet) interested at all? _____ members

Part 3: The Culture Subscale

Please rate the extent to which you agree with the following statements:

1. Your family has influence on your business.	<i>Not at all</i> <i>To a large extent</i> 1.....2.....3.....4.....5
2. Your family members share similar values.	<i>Not at all</i> <i>To a large extent</i> 1.....2.....3.....4.....5
3. Your family and business share similar values.	<i>Not at all</i> <i>To a large extent</i> 1.....2.....3.....4.....5
4. Our family members are willing to put in a great deal of effort beyond that normally expected in order to help the family business be successful.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
5. We support the family business in discussions with friends, employees, and other family	<i>Strongly Disagree</i> <i>Strongly Agree</i>

members.	1.....2.....3.....4.....5
6. We feel loyalty to the family business.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
7. We find that our values are compatible with those of the business.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
8. We are proud to tell others that we are part of the family business.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
9. There is so much to be gained by participating with the family business on a long-term basis.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
10. We agree with the family business goals, plans and policies.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
11. We really care about the fate of the family business.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
12. Deciding to be involved with the family business has a positive influence on my life.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
13. I understand and support my family's decisions regarding the future of the family business.	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5

Section Two: selected questions from the Family Climate Scales

Questionnaire

(Source: Bjornberg & Nicolson, 2007)

Please rate the extent to which you agree with the following statements – In this family...:

Cognitive Cohesion	
1. we have similar views on things	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
2. we tend to have widely differing views on most social issues	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
3. we have shared interests and tastes	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
4. our attitudes and beliefs are pretty similar	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
5. we do not have much in common	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
6. we think alike	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
7. we have radically different perspectives on things	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
8. our values are very similar	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
Emotional Cohesion	
9. for many of us our strongest emotional ties are outside of the family	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
10. the emotional bond between us all is very strong	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
11. we usually feel happy to be with each other	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
12. we miss each other when we're apart for	<i>Strongly Disagree</i> <i>Strongly Agree</i>

awhile	1.....2.....3.....4.....5
13. family members make each other feel secure	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
14. family members feel warmth for each other	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
15. we are not emotionally close	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
16. we feel a lot of love for each other	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
Adaptability	
17. we face challenges very effectively	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
18. we are flexible and adaptable in how we deal with difficulties	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
19. we are poor at dealing with the unexpected	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
20. we are always able to help each other when the need arises	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
21. in solving problems, we are not willing to change our routines	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
22. we approach problems with a positive mindset	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
23. we know we have the power to solve major problems	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5
24. when we face difficulties we work together effectively	<i>Strongly Disagree</i> <i>Strongly Agree</i> 1.....2.....3.....4.....5

Thank you, now please return your completed questionnaire using the pre-paid envelope provided, or electronically to lanz@aston.ac.uk

Head of the Family Mid-Sized Business
Interview Guide

Research Introduction

This research is to inform my PhD research on family mid-sized business, undertaken within the Business Studies School at Aston University. The research will be solely conducted by me (Mrs Susan Lanz) who is a full-time PHD student at Aston University. I am under academic research supervision and my principal research supervisor is Prof Mark Hart, who is located with the Economics and Strategy Work Group at Aston University's Business School. My contact details and those of my research supervisor are provided at the end of this information sheet.

My research is focusing on the prevalence, type and role of family centred economic and non-economic goals and their relationship to financial business performance and growth. I have identified, through a review of existing research, that this is an area lacking academic study. My proposed research is designed to help fill this knowledge gap, by creating a framework to understand how differences amongst business owning family affects the setting and achievement of family centred business goals, and what relationship these goals have to the business, and family, performance.

Specifically, I am seeking to interview who as you head up a UK family owned and managed mid-sized business in order to:

- Better understand the role that the business owning family plays in creating differences in family centred performance goals in your family MSB; and
- Understand how the range of identified family centred goals are translated into the business goals pursued within your family owned and managed MSB;
- Understand whether the pursuit of certain family centred business goals affects the business economic performance and growth profile.

Rules & Process:

- *All reporting will be anonymous. Unanonymised information will not be shared with anyone else without explicit agreement from the interviewee.*
- *At all times, interviews are to be conducted in line with the Aston Business School's Research Ethical Guidelines, and the Market Research Society (which I am a Member of)*

Interviewee details

Organisation:	
Name:	
Position/Job Title:	

Section 1	
Business Background	<i>The purpose of this set of questions is to understand the business size and characteristics</i>
1. What is the main business activity?	
2. How many employees does the business employ, and has this increased or decreased in the last year?	
3. What is your current sales turnover, and has this increased or decreased in the last year?	
4. Do you export and if so percentage of sales turnover is accounted for by overseas sales?	
5. Is the business profitable and has there been any recent changes to the level of business profitability?	

Section 2	
Goal Setting & Collective Agreement	<i>The purpose of this set of questions is to understand the role of the family in setting goals within the business</i>
6. Is succession to your role likely to occur in the near future i.e. within three years?	
7. Please can you describe in outline what in your view business performance encompasses, and how success is defined, in your family business?	
8. Can you describe the main individual (financial and non-financial) goals for the business family, as well as for the family business? <i>Prompts to uncover types of non-financial goals:</i>	
<ul style="list-style-type: none"> A. <i>Pride in the firm (perhaps by winning awards)</i> B. <i>Family status in the community</i> C. <i>Entrepreneurial tradition (passing it on)</i> D. <i>Social support (in and outside of the family)</i> E. <i>Harmony (in and outside of the family)</i> F. <i>Responsible employee practices</i> G. <i>Trusting relationships with suppliers & customers</i> H. <i>Environmental concerns and actions</i> I. <i>Corporate social responsibility and performance</i> J. <i>Local community support</i> 	

<p>9. For each goal you have identified would you classify it as (ask the same set of questions for each identified goal):</p> <p>A. Predominantly a financial or non-financial goal (<i>use Brush et al's, 2011, definition of economic or non-economic to describe</i>)</p> <p>B. Predominantly a business centred or family centred goal or targeted at other stakeholders e.g. non-family business investors, employees, customers, suppliers, or wider society (<i>prompt if necessary with who are the intended beneficiaries or recipients of each goal</i>)</p> <p>C. Is it a short (one financial year), medium (2-3 years), or longer (over 3 years) goal</p>
<p>10. Are the pursuit of these goals important to you personally, and if so why?</p>
<p>11. How important are these goals to the wider family working in the business? Follow up questions: <i>Is there collective commitment only to some or all of the goals discussed? Which goals are the family more and less committed to and why?</i></p>
<p>12. How is collective goal commitment across the business family developed – does this occur in or outside of the business environment?</p>

Section 3	
Goal Measures of Success & Relation to Business Performance	<i>The purpose of this set of questions is to understand how goals are measured in the business and what relationship non-financial goals are thought to have on financial business goals</i>
13. How are the non-financial goals developed into goals that can be pursued through the business?	
14. Can you provide an understanding of how each goal (financial and non-financial) is monitored and goal success defined? <i>Are proxy measures used, especially for the non-financial goals?</i>	
15. Do you class some of the goals as supporting either the Family in the business, or the Business in the family? If so, please could you explain your response.	
16. Do you cluster or relate goals to each other? If so how, for example, are some or all the non-financial goals seen as separate to or integral to supporting the financial goals?	
17. What are your business growth plans for the next 3-5 years?	
18. What are your plans for the family's involvement in the business for the next 3-5 years?	

THANK, REITERATE ANONYMITY AND OUTLINE NEXT STEPS AND TIMELINE

Experts on Mid-Sized or Family Businesses
Interview Guide

Research Introduction

This research is to inform a PhD research project located within the Business Studies School at Aston University. The research will be solely conducted by me (Mrs Susan Lanz) who is a full-time PHD student at Aston University. I am under academic research supervision and my principal research supervisor is Prof Mark Hart, who is located with the Economics and Strategy Work Group at Aston University's Business School. My contact details and those of my research supervisor are provided at the end of this information sheet.

My research is focusing on the prevalence, type and role of family centred economic and non-economic goals and their relationship to financial business performance and growth. I have identified, through a review of existing research, that this is an area lacking academic study. My proposed research is designed to help fill this knowledge gap, by creating a framework to understand how differences amongst business owning family (in particular the levels of family cohesion and adaptability drawn from family systems theory) affects the setting and achievement of family centred business goals, and what relationship these goals have to the business, and family, performance. Specific research aims are to:

- Better understand the role that the business owning family plays in creating differences in family centred performance goals in family MSBs; and
- Understand how the range of identified family centred goals are translated into the business goals pursued within family owned and managed MSBs;
- Understand whether the pursuit of certain family centred business goals affects the business economic performance and growth profile.

Rules & Process:

- *All reporting will be anonymous. Unanonymised information will not be shared with anyone else without explicit agreement from the interviewee.*
- *At all times, interviews are to be conducted in line with the Aston Business School's Research Ethical Guidelines, and the Market Research Society (which I am a Member of)*

Interviewee details

Organisation:	
Name:	
Position/Job Title:	

Section 1	
Expert Background	<i>The purpose of this set of questions is to understand your specific interest and/or expertise in relation to either researching MSBs or Family Businesses</i>
19. Please describe the main areas of research that you conduct or oversee in relation to MSBs or family businesses or both? <i>I already have a overview understanding from literature review/website searching.</i>	
20. What are the key research findings to date that you believe should be taken account of and inform my research?	
21. What are the main issues and aspects that stand out to you as requiring further research?	

Section 2	
Expert Views on Research i.e. the Pre-Interview Questionnaire and Interview Guide to Use with Family MSBs	<i>The purpose of this set of questions is to gain your view on the strengths and weaknesses of the research tools developed for use with Family MSBs (to be provided prior to interview)</i>
<p>22. <i>I have combined the empirically validated F-PEC scale with elements of the developed and empirically validated Family Climate Scale – designed to be used in Family Business research - to gain both an understanding of the family in the business and the functioning of the business owning family, especially in relation to its level of cohesion and adaptability (key elements of the Circumplex Model of the Family). The purpose is to be able to provide family functioning and family business involvement context to interview responses that are centred on understanding the development and achievement of family centred goals in the business.</i></p> <p>Having reviewed the pre-interview questionnaire and given this methodological explanation for its use - what are your views on this approach, and do you have any views on areas of weaknesses and potential improvement?</p>	
<p>23. Having reviewed the family business interview guide – again, what views do you have on areas of weakness and potential improvement pointers?</p> <p><i>I am especially looking for feedback in relation to the stated research objectives, and the aim of gaining knowledge on non-economic goals that can be used in future research to develop measurement scales to quantitatively capture the full range of family business performance.</i></p>	
24. Do you have any other views to offer in relation to this phase of my research?	

Section 3	
Further Expert Assistance/ On-going Contact	<i>The purpose of this set of questions is to understand whether you would be willing and able to be involved in assisting now and in the future development of this research as I move it into the PHD phase</i>
<p>25. <i>I need to interview the head of between 3-6 family MSBs – 1 or 2 from the following sales growth profiles in the last three years; declining, stable, and growing. Could you help facilitate access to any family MSBs (preferably in the East/West Midlands area) with any of these growth profiles, interviews are to be undertaken by early September 2014?</i></p>	
<p>26. <i>I will be a full-time PHD student from October 2014 in the Economics and Strategy Group at Aston University's Business School. My chosen area of research will be Family MSBs – I am particularly interested in drawing on family theory alongside business theory to more fully account for the family variable within business performance research. Would you interested to be kept informed of this work, and potentially offer advice and assistance as may be required and is appropriate and possible from your perspective? For example by the inclusion of some specific questions in surveys you oversee targeted at either MSBs or family businesses? Facilitate access to future case study businesses? Provide future feedback on research tools?</i></p>	
<p>27. Do you have any final thoughts or comments you would like to make?</p>	

THANK, REITERATE ANONYMITY AND OUTLINE NEXT STEPS AND TIMELINE

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