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Overview

Thomas V Schwarz and Vipin Gupta

In this volume, we scan a sample of empirical work on family businesses focusing on the Germanic cluster. The Germanic Europe cluster dates to at least 5400 BC, and is characterized by societies using the German language and valuing orderliness, straight forwardness, honesty and loyalty (Gupta and Hanges, 2004). Family businesses are pervasive in Germanic cultures. Eighty percent of all family businesses in the Netherlands (Flören, 1998) and 85 percent of all businesses in Switzerland (Neubauer and Lank, 1998) are estimated to be family businesses.

The sample of selected articles in the Germanic cluster is given in Table 1. The articles cover four countries—Austria, Germany, the Netherlands, and Switzerland. A diversity of research methodologies is represented—primary survey, interviews, grounded theory, field study, and in-depth case studies.

Next we present data on the culture and socio-techno-economic workculture of societies within the Germanic cluster, in order to understand the context in which the region's family businesses operate.

Geographical Context for Germanic Cluster

Cultural Profile

We use the GLOBE framework (House *et al,* 2004) to assess the cultural profile of the Germanic cluster. In the GLOBE framework, the cultural profile has two sets of indicators: (1) values, i.e., the aspirations of the members of a society about

Table 1: C.A.S.E. Sample Articles Description – Germanic European Cluster

Author(s)/ Title of the Paper	Focus	Country	Methodology
Part A: Macro			
Thomas Glauben, Hendrik Tietje and Christoph R Weiss "Intergenerational Succession in Farm Households: Evidence from Upper Austria"	Role of farm and family resources in inter-generational succession planning in family farms	Austria	Survey
Mike Peters and Dimitrios Buhalis "Skill Development in Austrian Family Hotel Businesses"	Integration of employees in family business innovation, planning, and decision-making	Austria	Survey
Willem Burggraaf, Roberto H Flören and Jurgen R Geerlings "Righteousness in Ownership Transfer: A Cultural Perspective"	How cultural context sustains solidarity in the face of egalitarian transfer of family business ownership	Netherlands	Grounded theory
Thomas Zellweger and Frank Halter "Governance and Succession in Swiss Family Firms"	Mechanisms for maintaining control of family business	Switzerland	Survey
Herbert Neubauer "Family Businesses and Perspectives on Corporate Continuity in Germanic Europe"	Dynamics of family business transfer	Austria/ Germany	Grounded theory
Part B: Micro			
Ruth Rossier "Role Models and Farm Development Options: A Comparison of Seven Swiss Farm Families"	How flexible gender role models facilitate farm renewal and development	Switzerland	Interviews
Mark A A M Leenders and Eric Waarts "Strategic Profiles and Evolution of Family Businesses in the Netherlands"	Impact of family orientation and business orientation, and shifts in these orientations of family businesses	Netherlands	Survey + Case Studies
Lorraine M Uhlaner, H J M (Annemieke) van Goor-Balk M A and Enno Masurel "Corporate Social Responsibility in Dutch Family Businesses"	Factors moderating special relationship with outside stakeholders reflecting corporate social responsibility	Netherlands	Interviews/ Content analysis
Francesco Chirico "Knowledge Models in Family Business: Evidence from Ticino Region (Switzerland)"	Knowledge as "enabler of longevity" in family business and how it is created, shared and transferred to generate value over time.	Switzerland	Interviews/ Case Studies
Norbert Dannhaeuser "Survival of the Family-Operated Firm in Germany"	Role of couple leadership and cultural idealism in enabling continued viability of family businesses	Germany	Field Study

how their societal culture "should be", and (2) practices, i.e. the perceptions of the members of a society about their societal culture "as is." The scores of C.A.S.E. countries in the Germanic cluster, using the nine dimensions of culture from the GLOBE study, are in Tables 2(a) and 2(b).

Table 2(a) shows that in terms of societal values, the cluster aspires for low levels of uncertainty avoidance, future orientation, in-group collectivism, and assertiveness. Germanic culture—based on the Protestant ethic—is known to idealize challenging traditions and customs, and to endorse change and innovation. There is also a greater focus on the ideal of now and on material aspects, as opposed to the longer term and spirituality. Groups and families are under-emphasized in Germanic ideals—each member is expected to self-express himself/herself, and grow to be an independent human being. After an era when Germanic people dominated Europe and a major defeat in World War II, assertiveness is not idealized—and the preference is for keeping a lower profile and softer tenor. Another distinguishing feature of this cluster is the aspiration for high gender egalitarianism. There is a greater sense of recognition for the roles women can play in the social and economic life.

Table 2(a): GLOBE Societal Culture Values of C.A.S.E. Countries, Germanic Europe Cluster, Scale 1=Low to High=7

Cultural Values	Austria	Germany	Netherlands	Switzerland	Germanic Europe Cluster	World (GLOBE sample)	Compare with the World
Uncertainty avoidance	3.66	3.63	3.24	3.16	3.42	4.62	Low
Performance orientation	6.10	6.05	5.49	5.82	5.87	5.94	Medium
Future orientation	5.11	5.04	5.07	4.79	5.00	5.48	Low
In-group collectivism	5.27	5.20	5.17	4.94	5.15	5.66	Low
Institutional collectivism	4.73	4.75	4.55	4.69	4.68	4.73	Medium
Humane orientation	5.76	5.45	5.20	5.54	5.49	5.42	Medium
Gender egalitarianism	4.83	4.90	4.99	4.92	4.91	4.51	High
Assertiveness	2.81	3.16	3.02	3.21	3.05	3.82	Low
Power Distance	2.44	2.62	2.45	2.44	2.49	2.75	Medium

Table 2(b) indicates that in terms of practices, the cluster stands out for its strong uncertainty avoidance, performance orientation, future orientation, and assertiveness. Though people from Germanic cultures idealize change and creative destruction, the society itself is enmeshed in order, structure, and rules, and operates as a well-oiled machine. Similarly, while the present and the material is idealized, the underlying behavior is focused on the larger good for oneself by responding to the transcendental calling to perform, and to be assertive about defending one's behavior if need be. Other distinctive characteristics include weak in-group and institutional collectivism and low humane orientation. The concept of individual personhood is very strong, and any sense of obligations to the family, group, or to the broader institutions is avoided. All trust must be earned, and is never taken for granted just by virtue of one's identity or by virtue of institutional credentials. Focus on self-interest as a way to achieve larger social good is the fundamental principle, often overriding a warm, kind and caring everyday relationship.

Table 2(b): GLOBE Societal Culture Practices of C.A.S.E. Countries, Germanic Europe Cluster, Scale 1=Low to High=7

Cultural Practices	Austria	Germany	Netherlands	Switzerland	Germanic Europe Cluster	World	Compare with the World
Uncertainty avoidance	5.16	5.19	4.70	5.37	5.10	4.16	High
Performance orientation	4.44	4.17	4.32	4.94	4.47	4.10	High
Future orientation	4.46	4.11	4.61	4.73	4.48	3.85	High
In-group collectivism	4.85	4.27	3.70	3.97	4.20	5.13	Low
Institutional collectivism	4.30	3.68	4.46	4.06	4.12	4.73	Low
Humane orientation	3.72	3.29	3.86	3.60	3.62	4.09	Low
Gender egalitarianism	3.09	3.08	3.50	2.97	3.16	3.37	Medium
Assertiveness	4.62	4.64	4.32	4.51	4.52	3.82	High
Power Distance	4.95	5.39	4.11	4.90	4.84	5.17	Medium

Note: Scores for Austria, Netherlands, and Switzerland are country means and were obtained from the GLOBE database. Scores for Germany are the average of scores for Eastern and Western parts of Germany taken from the GLOBE database.

Family businesses in the cluster face cultural practices entrenched in futurism, uncertainty avoidance and assertiveness, alongside the ideals of the present, change, and softness. Family businesses may have been planned to last for several generations, using strong values and heritage and a strong conviction about the mission; however, younger generations may seek to redirect the course towards something more contemporary and relevant for the present, and the negotiations may take a softer route—as opposed to having open conflicts. Family businesses also need to deal with a somewhat muted endorsement for the performance-oriented, institutionally individualistic, and humane indifferent practices. Finally, they have a milieu aspiring for a much stronger leadership in gender empowerment. A more gendered organizational culture may go along with a more strategic concept of performance, going beyond the established criteria and measures, and going beyond defined performance to consider potentiality and possibilities. Some level of institutional trust may get established, with greater consideration of the constraints and aspirations of the members as human beings. Such gender centering may in fact impart greater resilience, longevity, and competitive advantage to the family businesses. These conjectures, however, need to be further investigated.

Socio-Techno-Economic Profile

Tables 3(a) to 3(c) present economic, technological, and social profiles of the countries sampled from the Germanic cluster.

Table 3(a): Economic Profile of C.A.S.E. Countries, Germanic Europe Cluster, 2004

Country	Domestic Income ($ billions)	Population (millions)	Per Capita Income ($)	Per Capita Purchasing Power ($)	Merchandise Trade Intensity (%)	Industry share (%)
Austria	292	8	35,766	32,276	82	31
Germany	2,741	83	33,212	28,303	59	29
Netherlands	579	16	35,560	31,789	117	26
Switzerland	358	7	48,385	33,040	64	29
Total	3,677	106	34,628	29,167	69	29
World	41,366	6,363	6,501	8,833	45	28
Total/World	0.09	0.02	5.33	3.30	1.54	1.02

Source: UNDP (2007).

In terms of the economic capacity, Table 3(a) highlights that the countries covered represent only 2% of world's population, but earn 9% of world's income. Average incomes and purchasing power are more than three times the global average. The economies are very open, with high levels of merchandise trade intensity. The industry dependence is at par with the world. Overall, the economic capacity of the nations in the cluster is consistently high as measured by a high Human

Development Indices. The only downside is a high cost of living, particularly in Switzerland, and high labor costs.

Table 3(b) shows that the technological capacity of the nations in the cluster is consistently high. The nations boast very high Human Development Index, high diffusion of phones, egalitarian distribution of family income, low bottlenecks in starting business, and high transparency rates. There are some variations, but they are not huge. For instance, Austria has low technological intensity of manufactured exports, and Germany requires most time to start new business.

Table 3(b): Technological Profile of C.A.S.E. Countries, Germanic Europe Cluster, 2004

Country	Human Development Index	High Technology manufactured exports (%)	Phone subscription rate (per '000 population)	Uneven Distribution of Family Income (Gini Index)	Time taken to Start Business (No. of days)	Transparency Index (lack of corruption)
Austria	0.94	12	1438	29	29	8.42
Germany	0.93	17	1525	28	45	8.22
Netherlands	0.95	29	1393	31	11	8.69
Switzerland	0.95	22	1560	27	20	9.07
Total	0.94	21	1507	29	38	8.38
World	0.74	20	471	39	50	5.00
Total/World	1.26	1.06	3.20	0.73	0.76	1.68

Source: UNDP (2007), Transparency International (2004).

Table 3(c) shows that the social capacity of the nations in the cluster is also consistently high. The population dependency rate is low and life expectancy is high. The nations are quite urban, and offer great educational access. Female participation in work and their associated incomes are much better than the global average, and are particularly high in Switzerland.

In summary, family businesses in the region enjoy consistently strong economic, technological, and social capacity in their environments. The flip side of this strong capacity is high labor costs, and a high cost of living. The challenge is to sustain the development of local, national and regional capacity, by identifying ways through which one can remain competitive. Increased participation of women, who appear to have lower incomes than the men, is one way for the family businesses to succeed and outperform. Investing in other nations that

Table 3(c): Social Profile of C.A.S.E. Countries, Germanic Europe Cluster, 2004						
Country	Population Dependency (%)	Life Expectancy (Years)	Gross Educational Enrolments (%)	Urbanization (%)	% of Female to Male Income	% of Female to Male Participation in Work
Austria	32	79	91	66	44	75
Germany	33	79	89	75	58	76
Netherlands	32	79	98	80	63	76
Switzerland	33	81	86	61	71	86
Total	33	79	90	75	60	77
World	36	67	67	48	53	67
Total/World	0.92	1.17	1.35	1.55	1.13	1.15
Source: UNDP (2007).						

have lower labor costs is another way for the growth of family businesses, but that requires redirecting the priorities and focus of the local workforces towards more service-oriented trade.

Major Themes Covered in the Germanic Europe Volume

The major themes covered in the Germanic volume are discussed below.

Regulated Resource Boundary

Family businesses have the potential to create and sustain a competitive advantage in the marketplace *vis-à-vis* non-family businesses due to the unique resource they control ... the 'family resource.' Understanding, developing and managing this resource will determine whether the family firm creates a very valuable asset or deadly liability. While an easy concept in principle, the family resource is extraordinarily complex in that there are many unique and interdependent elements for each family, business stage, economic and social environment … and culture.

Some of the resource advantages of family businesses include personal relationships with stakeholders, market niche advantages, flexibility and reaction, and a perceived continuity over time creating a stable image. Disadvantages may include informal business practices, limited marketing and market research commitments, deficient training and human resource qualifications, financing, lack of performance rewards and favoritism. An example of these advantages and disadvantages is illustrated in the first edited article by Glauben, *et.al.* (2007)

who note that human capital on Germanic family farms is often acquired in childhood as a by-product of growing up and that this is transferred through succession; that is, young family members are often capable of using family farm resources to the highest and best use. The training of the next generation from childhood is a unique resource of the family firm. This phenomenon correlates well with the tendency for new entrepreneurs to emerge from entrepreneurial families.

Differences in the size and type of family firm are important when acquiring and using resources. Leenders and Waarts (2007) find that different types of family businesses possesses different resource advantages and disadvantages. Peters and Buhalis (2007) highlight that small businesses are not simply miniature versions of large ones but differ significantly in their resources and practices. Leenders and Waarts (2007) report that the main resource advantages of the family business are related to trust, control, and employee motivation. These family ties and values often create a strong business identity and a high level of internal 'closeness', which creates a unique, valuable, and difficult to copy resource which may lead to better performance of the firm in terms of internal trust and control. Peters and Buhalis (2007) suggest areas of training that would be beneficial for small family firms because the best practices of large corporate firms are not transferable to the small family business... in fact, the exact opposite can often be the best prescription. One example to this effect involves the need of liquidity for the family firm upon retirement of the lead generation. Such a demand often impacts the strategic investment pattern of the firm.

Knowledge is one of the most strategic resources of a firm and the ability to acquire, develop, share, transfer and apply it enable a firm to generate value from generation to generation. Chirico (2007) aims at studying the way knowledge is created, shared and transferred to generate Trans-generational Value in family businesses over time.

One way to overcome limitations in resources is to join together with other (larger) firms in certain activities. Yet, in collaborating with other businesses, family businesses are often found to be slow and unengaged. Interestingly, since these family firms generally lack the expertise and resources of larger firms, they miss the opportunity to support and strengthen their resources and competitiveness. Dannhaeuser (2007) notes though the benefits and costs in joining a 'Verbundgruppe' vary in detail, certain basic features are common. The most important benefit is access to scale in the form of the combined purchasing power of the members. It can be used to obtain quantity discounts and other benefits from suppliers that individual members could not hope to obtain on their own. Verbundgruppen also offers territorial protection, and during recent years they have added optional services for their members. These include shared advertising, product choice and computerized inventory control, training, and feasibility studies. For most family-firm operators in Hassfurt, the costs are more than offset by the benefits obtained in the face of the competition from corporate firms and/or other family-operated firms that are members of 'Verbundgruppen'.

The boundary between family and business is often blurred and even avoided. Many small family businesses try to see their firms as a single system, only forced through growth and size to reconsider. Culture often dictates that informal processes are used in developing successors. As a consequence, the boundary is blurred. Since the desire is generally to hand down the family firm as a sort of obligation, this blurs the boundary between family and business (Glauben, *et.al.* 2007).

Peters and Buhalis (2007) find that family firms have particular priorities and structures that often reflect the lifestyle the family wants to follow rather than rational business principles. Crucial training areas, such as the creation of business plans and strategic development have been neglected in the past although they are correlated with the performance and growth of enterprises.

Neubaurer (2007) presents a model of the phases in the life cycle of a business family with each phase involving certain challenges, which have to be overcome. The methods used depend upon the type of boundaries set up. For example, the phase in which generations cooperate requires special attention to communication and conflict management. In the ensuing phase, the focus lies on the older generation's withdrawal from active professional involvement and the transfer of family and business leadership to the next generation.

Succession choice can be especially difficult for maintaining boundaries. In the dynamic view explained above by Neubaurer (2007), succession in family businesses can be placed in the transition phase between generations (the fourth phase of the family business owner's model) and along the entire length of the business' life cycle.

Following up on this idea, it quickly becomes clear to Neubaurer that an almost infinite number of conceivable process combinations can arise. On the one hand, it is not immediately possible to identify a family business' current position in the life cycle, and it is equally difficult to determine when the entrepreneur's/owner's "biological clock" will run out and how far the decision-making process regarding succession has progressed in each business family.

Emphasis on Business vs Family Reputation

Given that one of the greatest goals of most family firms is to transfer the firm to their children, maintaining the family reputation is a fundamental value of the family firm. This characteristic impacts the entire management of the firm. Consequently, the way in which the family firm interacts with all its stakeholders is paramount to its existence. Leenders and Waarts (2007) formally evaluate the orientation of family businesses using orientation scales. A first important result that emerges is that a strong family orientation is not necessarily accompanied by a strong or weak business orientation. On the contrary, in their sample the two concepts are independent of each other (r = .01). Companies that have a strong family orientation may or may not have a strong business drive. Importantly, the variation among family businesses on the two dimensions is very large indeed. Hence these groups of firms, which have a strong family orientation, benefit from more mutual trust among employees compared to other types of businesses. This is accompanied by a feeling of more social control and more motivated employees. These feelings are linked to a general perception of having more control over the company.

Regulated Family Power

Regulation of family power in ownership, governance, and management is influenced by a variety of factors. Burggraaf, *et.al.* (2007) note that righteousness is a leading principle in the Dutch predominantly egalitarian culture and society and therefore affects its ownership structure. The predominant principle for the determination of ownership proves to be the principle of commitment. Commitment within this context should be regarded as active involvement of all family owners, either holding a position within the business or not. The principle of righteousness guards the equal treatment of all heirs. Bivalent aspects of ownership: identity, solidarity, privacy, and independence are affected by cultural characteristics on several levels. Determining the optimal ownership structure in the face of these aspects requires careful analysis and planning, and regular adaptation.

Glauben, *et.al.* (2007) bring forth that intergenerational transfer has potentially many ownership benefits such as intergenerational risk sharing, income sharing, and overcoming borrowing constraints. While not always fully recognized, these issues are often latent variables driving succession preference. This may be especially the case for the Austrian farm community where farmers are thirty times as likely to have followed in their father's footsteps than the average worker.

Farm characteristics significantly influence succession considerations to the extent that they affect the value of the farm for the potential successor. Larger and highly specialized farms are more likely to be transferred and to have appointed a successor. The number of household members living on the farm also significantly influences succession plans. Furthermore, the timing of succession is delayed as the age of the farm operator increases. Three dimensions of succession, probability of family succession, designation of a successor, and timing of succession are evaluated.

Next to governance, which is split into family participation in management and the supervisory board, ownership is one of the central elements that typify family businesses. Halter and Zellweger (2007) find that with respect to the number of shareholders, there seems to be a preference for a simple shareholder structure with nearly 80% of all family firms having a maximum of three shareholders. Dispersed shareholder structures with more than 10 shareholders are much rarer with family firms (2.9% of all family firms) than with non-family firms (15.2% of all non-family firms). Their results show that there are only 2.2% of all family businesses with a substantial family influence, in which the family owns less than 50%. Furthermore, 20% of all non-family firms show family ownership exceeding the 50% margin. One possible explanation for this particularity is linked to the Swiss rulings for equity issuing, which defines no restrictions on issuing dual class shares with voting and nonvoting shares.

Governance, in this culture cluster, is generally split into family participation in management and the supervisory boards. In contrast to Germany, the Netherlands and France, in Switzerland one finds no strict separation between the top management board and the supervisory board (Halter and Zellweger, 2007). A member of one board can be a member of the other board, although new governance guidelines ask for a stricter separation between the staffing of the two boards. A supervisory board is mandatory for only one type of common legal entity (AG, limited liability company). All other common legal entities do not require a supervisory board by law, although shareholders are free to opt for one if they wish.

Such differences in governance, like ownership, are a mix of legal regulations as well as cultural preferences. According to Halter and Zellweger (2007), only 38.8% of family firms indicate they have a supervisory board, compared to 52.5% with non-family firms. For some AGs that indicate they do not have a supervisory board, they indeed may have one but it consists of the owners or the managing family members, and thus is not considered as a supervisory board by the respondents. The authors suggest two causes: 1) many families do not like external control, particularly when it would mean installing a board with non-family members, and 2) some families dislike the control of the family even more, particularly if a family member in the management position is supposed to be controlled.

Firm size makes a difference. Halter and Zellweger (2007) analysis shows that the number of companies having a supervisory board is positively correlated with firm size. Family firms seem to consider that control over a company can be best maintained by controlling ownership: 75.6% of all family firms own 100% of their firms. Under the assumption that business families strive to keep control over their firm confined by the access to family external resources, the authors find that control over the firm can be better maintained by staffing the management board with family members as opposed to the supervisory board.

The preference for control can differ across the life cycle of a firm. In line with the consideration that the family strives to bequeath the firm to a subsequent generation, Halter and Zellweger (2007) report that once business families have decided to reduce their influence on the firm, they tend to first open the supervisory board to non-family members. In a second step, non-family managers enter the management board. And as a last possibility, families tend to open their capital to non-family members.

Proportion of Bridging Relationships

The relationship between the family and its extended group of stakeholders is as diverse and complicated as are the boundaries between family and business. Uhlaner, *et.al.* (2007) provide a thorough review of the following question, "Do family businesses perceive that they relate in a special way to various stakeholders within and outside their companies due to the family aspect of the business? They conclude, "The data obtained from content analysis suggest that a mix of corporate social responsibility perspectives, including economic benefits, conformance to ethical and legal expectations and philanthropic as well as community involvement, help to explain the nature of relationships with, and behaviors toward, various constituency groups. The family character of the business most frequently impacts employee, client, and supplier relationships."

Internally, the family business tends to have a different, more personal relationship. Uhlaner, *et.al.* (2007) find that seven out of thirty companies (23%) with the family name in the business name mentioned a special relationship with the physical environment due to the family aspect and spoke specifically of their perceived responsibility to comply with environmental laws in order to protect the family name. Uhlaner, *et.al.* (2007) further identify eighteen stakeholders, and determine for each whether the family plays a role in defining the relationship between the family business and that stakeholder. Employees and clients are mentioned most frequently in this context. Suppliers are the third most frequently mentioned stakeholder category. The impact of the relationships carries forward to such an extant as to impact firm behavior.

Competitive Succession

Knowledge, especially tacit knowledge, is hard to transfer and is fragile and subject to decay or loss if it is not shared and passed on from generation to generation, primarily in the form of apprenticeship and mentoring (Chirico, 2007). "Pure knowledge" can be more easily shared and transferred in a family firm through courses, manuals, procedures and so on. Alternatively, "skill" is something not visible and highly personal which needs more complex long processes to be shared and transferred (observation, face-to-face interaction, extensive personal contacts among family members/generations and so on). As such, family firms need to spend the time necessary to both document and teach knowledge while simultaneously interact and provide 'opportunities to try' in order to develop skill.

In order to improve the probability of successor success, individual knowledge should become part of the collective wisdom of the firm, i.e., organizational knowledge embedded in routines and processes. In a family business context, successors should acquire the proper knowledge from the previous generation but also "add" new knowledge gained through education and/or personal experience within or outside the family firm. According to the case studies analyzed by Chirico (2007), "knowledge" is best created, shared and transferred in a business (and family) environment in which members of the family firm involved in the succession (predecessors and successors) take into high consideration the following elements: working within the family firm; ties, cooperation and collaboration; motivation and commitment; emotional attachments "psychological ownership"; academic courses and practical training courses; working outside the family firm; employing/using talented non-family members.

In this cluster, the decision to designate a child as the (potential) successor is generally not a formal or (generally) reversible act. Consequently, Glauben, *et.al.* (2007) observe that the lack of a designate successor does not imply an intention to sell … it is simply a reflection of a desire to keep options open. A potential consequence, however, is that formal education and training for the successor would be delayed or altogether unstructured. To the extent that preparation and experience is helpful to prepare future leaders, this tendency is likely to increase the risk of failed transfers for this group.

Deferring the process of successor development is a very common trait of family businesses, usually related to the failure of the current leader to see their own mortality. In addition to the inability to designate a successor in due time and the heavy demands placed on the desired successor, an unwillingness to withdraw from the business can be observed on the part of the transferor. At times, the transferor's decision to withdraw comes so late that the potential successors in the family have long since lost interest and started their own careers in other fields (Halter and Zellweger, 2007).

Pervasive Organizational Professionalism

Given that the vast majority of family firms in this cluster are small, it is not uncommon to observe family firms lacking in the use of modern management tools. This is especially so when family members have not been formally trained at university or in non-family firm employment. Peters and Buhalis (2007) in their study of Austrian tourism family businesses suggest that rather than simply using the professional best practices of large firms, these family firms have different structures, priorities, and strategic objectives. As a consequence, the "professionalization" of family firms must be approached with consideration of these family dimensions.

A development stage process for small family firms should be considered such as that examined by Neubaurer (2007). Larger firms have greater levels of integration of employees into core management processes. Smaller family firms tend to maintain the decision-making and advisory roles and often fail to consult with staff or to delegate decision-making. Because family firms show low levels of cooperation with other firms, it may be a sign that they want to have control over their business and to keep the ownership in the hands of family members.

Upon success and growth, all family businesses must rely upon non-family talent to maintain the firm. And often, this talent must possess managerial skills that are represented in business schools or large non-family firms. Neubaurer (2007) notes that a lack of management experience on the part of the successor is by far the most commonly cited personal barriers in the transfer process. One in every three-business predecessors fears difficulties due to the successor's lack of experience in management. At the same time, 28% of those who took over businesses indicated in retrospect that their low level of management experience had caused problems in the process of taking over the business.

Women in Leadership

Culture has played a strong role in creating an aspiration for equal gender opportunities within the Germanic European cluster of countries. Yet, actions have not fully adapted to aspirations as many of the articles in this volume demonstrate. As noted by Burggraaf, *et.al.* (2007), only 8% of all CEOs of family businesses of mid-size are female although almost 63% of all spouses work in the family business. The most important roles of the spouse in the family business are that of confidant and or advisor. While not the CEO, she is usually included in all-important decisions, with the main function of the spouse being that of a sounding-board or counselor.

In succession, Glauben, *et.al.* (2007) show that the number of males (by 9.01%) and females (by 3.00%) in the household significantly increases the probability of succession. For female farm operators, they find the likelihood of succession as well as the probability of having declared a successor to be significantly higher.

Examining the gender issue over a longer and macro viewpoint, Dannhaeuser (2007) notes that the cultural ideal of the family firm in Hassfurt has shifted in correspondence with structural changes, reflecting a broad movement toward female emancipation that has taken place in Germany since the WWII. In Hassfurt, male operators of family firms continue to regard themselves as chief breadwinners, but they do not insist, as once was common, that the wife remain domestic. Quite the contrary, the wife's participation in the firm is considered as elevating the husband's position and assuring the success of the firm. Two world wars and its effects are seen to have created pressures for women to be involved in the affairs of the firms, even after the return of the husbands. Soon it became an accepted norm. This trend was reinforced by two developments after World War II. One was the increasing pressure put on the family-operated firm by an ever-growing corporate sector. To survive, it became important that all adult members of the household, including the wife, become engaged in the firm. Second, the technical requirements and special knowledge needed to run different aspects of an enterprise became more demanding. This meant that the participation of the wife (or daughter) became a boon for the firm, particularly as training opportunities for females expanded simultaneously.

The shift toward the husband/wife team has helped the family-operated firm to survive. As pointed out by local merchants, the strength of this arrangement is derived from two sources. One is the personalized trust usually present between husband and wife, which help the delegation of responsibilities between them with minimal need for monitoring. The second one involves avoiding mixing the internal division of labor and generational succession. When the main cooperating unit is the father/son(s) team, allocating responsibilities within the firm is not only determined by the capabilities of the individual family members, but also by how the matter of succession is arranged. This may lead to cross-generational tension with the accompanying loss of trust and efficiency.

Contextual Embeddedness

Burggraaf, *et.al.* (2007) provide a full overview of how national cultures have a substantial effect on family business cultures. National cultures are more dominant than business cultures. Business cultures may shift slowly, but national cultures very slowly. The egalitarian Dutch culture results in a relatively high number of ownership transfers to all siblings. This principle of righteousness in the family system has an impact on the manageability of the firm and the commitment of the owners. The authors present an ownership transfer model that interlinks these three fields of tension with the family business system.

Since most family business owners wish the next generation to continue the business successfully, they are inclined to sell the business at a discount. However, as noted by Burggraaf, *et.al.* (2007), if the successor is able to acquire the family business at a discount, this could imply that he receives a gift from the incumbent whilst it might be impossible to compensate the siblings of the successor. This preferential treatment of the successor could be a serious source of family conflict because of a disregard to the family principle of righteousness. Consequently, the value of the firm as implied by national values is important to understand strategic decisions related to governance and ownership. In the egalitarian Dutch culture it is quite common that all siblings will receive an equal share of ownership.

Family orientation usually implies the desire to transfer family values and attitudes to the business. Leenders and Waarts (2007) found that increases in family orientation are associated with more trust, social control, motivated employees, and management control. This indicates that if the management tries to keep the advantages of a strong family orientation, it should take special measures to keep the family values present during growth.

Family and conflict seem to be natural... two sides to the same coin some might say. A greater contextual embeddedness should be associated with stronger contextual understanding, higher harmony, and more constructive conflict and conflict management. When conflict is not managed in a positive way it becomes a destructive force. Leenders and Waarts (2007) predict that firms with a weak family orientation and a strong business orientation to score high on conflict resolution competencies. If conflicts occur between organizational members, they may be more difficult to handle if the family orientation is strong (Leenders and Waarts, 2007). In addition, a strong business orientation may be more beneficial for conflict resolution because it can provide some objective criteria to solve possible problems and to evaluate solutions.

Family solidarity is often an overriding value that facilitates the resolution of family conflicts… a sort of appeal to a higher order. Looking at these issues over long periods of time, Dannhaeuser (2007) notes that considerable pride exists in the family tradition, particularly among members of those firms that have been in the same family for two or more generations. Such a sense of history creates its own justification for operators trying to continue the firm as a family affair from generation to generation. This has been reinforced by family solidarity that aided in the survival of the firm during such crisis periods as the post-World War I inflation. For these individuals, keeping the enterprise under family control was just as important as the survival of the firm, and children have been subjected to considerable pressure to continue the family tradition. Consequently, a strong family tradition often has the impact to reduce conflict.

Operational Resiliency

Family firms are most noted for their longevity. While unique resources leading to strong competitive advantages are important for profitability, resiliency and the ability to change with regard to economic and social trends are the true marks of outstanding and stable family firms. Neubaurer (2007) examined such characteristics from the perspective of succession. He noted that change in family businesses follows a life cycle of various phases. At times, the transferor's decision to withdraw comes so late that potential successors in the family have long since lost interest and started their own careers in other fields.

Leenders and Waarts (2007) learned that evolutions on the family dimension do not follow a clear pattern. Low scores on continuity for all family business groups indicate that, in general, all types of family businesses worry about choosing a successor. The Family Life Tradition type of business scores the lowest on continuity, indicating, as expected, that firms with a strong family orientation and weak business orientation will be most concerned about handing over the business to the best among various potential successors. For the business (v. family) dimension there is a natural tendency to become stronger over time, resulting in a trajectory towards a House of Business and a Family Money Machine. Since no type of firm is superior on all criteria (e.g., Houses of Business and Family Money Machines are good in management control but weak in conflict resolution), the competitive profiles can be viewed as mobility barriers or mobility opportunities.

In Dannhaeuser's (2007) study, family firms were found to organize to resist change. Yet, some of the resistance programs that were implemented received only marginal success. Retailers located in the city core (mainly operators of family firms) lobbied the city council in the 1970s, 1980s and 1990s to prohibit the establishment of malls, discounters and supermarkets near the city center, arguing that family firms are essential to the social viability of the town. This effort, however, only delayed but did not prevent the appearance of such outlets in Hassfurt.

Despite change, the family-operated firm continues to be the dominant commercial institution in spite of the developed character of the economic environment. Dannhaeuser (2007) notes three counterbalancing factors account for this. First, there is a historically derived cultural ideal eulogizing the family in general, and the family firm in particular, that together with the political pressure of the commercial Mittelstand has resulted in limited support programs by the state. Second, traditions exist that for a long time have been associated with the family-operated firm and that, after having undergone some changes, continue to favor this type of enterprise. They include a shift of the internal division of labor toward the wife/husband team, a reinforced tendency to combine handicraft with retail trade, and the continuing (even if reduced) importance of the apprenticeship system. Third, there are the successful attempts made by operators of family firms to contractually affiliate themselves with the corporate supply side without totally losing their independence.

Conclusions

In this chapter, we provided an overview of the geographical context of the Germanic cluster, and the key themes covered in the ten articles sampled from this cluster. The most distinguishing and striking feature of the Germanic family businesses is the high regard and glorification they receive from the families and the communities. Interestingly, involvement of both male as well as female members of the family is seen to be an indicator of family prestige, and continuity of this involvement across generations is also very valued and practiced. Family solidarity also proves effective in resolving and addressing family conflicts of various sorts. We find several innovative approaches that the family firms use to be resilient and successful even in the global environment. The family firms actually use the global environment to their benefit, such as by forming cooperatives or linking with the global supply chains.

Next, we present the articles for a deeper understanding of the family business dynamics in the Germanic cluster. We encourage the reader to keep in perspective the above distinctive features of the Germanic family businesses as you study these articles. In the concluding chapter of this volume, these insights will be used to formulate a culturally sensitive business model for the Germanic cluster.

(Thomas V Schwarz, corresponding author, Seidman College of Business, Grand Valley State University, can be reached at schwarzt@gvsu.edu

Vipin Gupta, Simmons College School of Management, can be reached at gupta05@gmail.com).

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