INTERCATHEDRA

1(38), 2019, 13–18

http://www.up.poznan.pl/intercathedra/
pISSN 1640-3622
eISSN 2545-2045

http://dx.doi.org/10.17306/J.INTERCATHEDRA.2019.00059
Accepted for print: 24.01.2019

Zdzisława Dacko-Pikiewicz✉

WSB University, Poland

VALUES AS AN ELEMENT OF FAMILY BUSINESS IDENTITY

Abstract. The purpose of this study is to indicate core values in family businesses that form the basis of their identity. Corporate identity consists of key distinctive attributes, including fundamental values and, in broader terms, organizational culture and unique products. The basis for building the identity of a family business are values professed by the owners and their successors; they define a management model which should ensure business continuity and long-term operation. Research shows that values, identity and organizational culture are the aspects that make family businesses stand apart from other undertakings, though they do not differ in structural features. In order to meet the defined objectives, the author carried out a literature review and used the results of direct research based on a personal interview with 300 family businesses operating in Poland.

Keywords: corporate identity, values, family business

INTRODUCTION

Managing a family businesses is a complex and multifaceted activity which involves two strong, correlated systems that overlap each other: the family system (family, individual) and the business system. The mutual permeation and the inability to completely separate the two spheres and processes taking place in the family and in the company make family businesses a special type of organization.

Family businesses are present in all sectors of the economy and contribute up to 50% to GDP (Bell, 2002). Their characteristic feature is heterogeneity which is also typical of SMEs (Fernández and Nieto, 2005). However, family businesses often include large enterprises which adds to the heterogeneity of this business category. When defining the category of family businesses, many authors emphasize that they are characterized by the concentration of ownership, and control; and by the fact that key managerial positions are held by family members even after the company founders retire (Bertrand and Schoar, 2006; Stern, 1986). The characteristics such as ownership, values, relationships and succession, which make family businesses distinct from other enterprises, are highlighted (Churchill and Hatten, 1997; Boyd et al., 2014; Więcek-Janka, 2013; Szczepańska-Woszczyna, 2018). A long-term perspective of running a business by future generations, and the combination of family-related and managerial functions is what makes these operators stand apart from other enterprises (Dźwigoł-Barosz, 2017).

Values, feelings and intellectual processes that define the family's inner world and the processes taking place inside the organization overlap each other and are

✉PhD Zdzisława Dacko-Pikiewicz, prof. WSB University, Faculty of Applied Sciences, WSB University, Cieplaka 1c St., 41-300 Dąbrowa Górnicza, Poland, e-mail: zdacko@wsb.edu.pl

interdependent. The basis for building the identity of a family business are values professed by the owners and their successors; they define a management model which should ensure business continuity and long-term operation. Thus, the definition of a family business cannot be based solely on objective criteria, such as ownership, size or a management method, but must also address subjective factors such as values and attitudes represented by the owner and his/her family, financial responsibility for the company, the family's business commitment and succession planning (Marjański, 2012). Therefore, the main purpose of this research was to identify core values in family businesses as a significant part of their identity.

CORPORATE IDENTITY

Identity is the answer to the question of "who am I" (individual identity) or "who are we" (collective identity). As such, it builds the image of an individual and a group where it functions, and defines the relationships between people and groups (Mach, 2008). The concept of identity transferred to the area of the organization in the 1980s initially associated it, in the works by the authors of the concept of corporate identity Albert and Whetten (1985), with the participants' perception of certain organizational elements which they believe determine the sustainability of the organization while making the organization distinctive thanks to its relationships with the environment. Afterwards, several authors, including Hatch and Schultz (1997; 2004) assumed that the organization had an identity ("subjective self" and "objective self"). Consequently, they defined corporate identity based on the organization's distinctive attributes such as core values, organizational culture, competitive market behavior or goods or services offered, or by referring to the participants' common understanding of distinctive, unique organizational values and characteristics (Elsbach and Kramer, 1996; Gabryś, 2015). Defining corporate identity as a "set of values and principles that employees and managers associate with the company", Fombrun (1996) limited the concept of identity to internal business stakeholders. According to Fombrun and Van Riel (2004) and Albert and Whetten (2004), corporate identity is defined by features the employees believe to be of core importance (the identity should reflect their essence), which make the company stand apart from other organizations (the employees must feel their company is distinct from other organizations, identify with the company, and define the criteria of belonging and exclusion), which are permanent and which brings the present, the past, and the future together.

Research into corporate identity is divided into three main trends, namely corporate identity, organizational identity and visual identity (Balmer, 2001). According to Balmer, corporate identity is an answer to the question "what are we?" in the context of questions about the company, its structure, strategy, ethos, market, activity, history, reputation, and relationships with other institutions. The concept of organizational identity and corporate personality – which can be considered as very close to organizational identity – assumed a success strategy that integrates all the company's activities around its personality, including subcultures in the organization, employee attitude to other organizational identities, as well as cultural, industrial and sexual identity etc. (Hannebohn and Blocker, 1983; Whetten and Godfrey, 1998; Lis, 2013).

Corporate identity consists of the main and distinguishing attributes of the organization, including its core values and, more broadly, organizational culture and unique products (Stuart and Whetten, 1985; Duton and Dukerich, 1991). For organization members, identity can mean a cognitive scheme or the perception of main and distinctive features which set their organization apart.

Each organization has its own identity, which defines its specific and unique nature, and is a set of attributes that distinguish it from its competitors (Altkorn, 2002; Dacko-Pikiewicz, 2004). Corporate identity is a specific agreement between members of the corporate community regarding shared values articulated in response to the questions "who we are and who we want to be as an organization", and reflected in the organizational culture, strategy, structure and management model. M. J. Hatch and M. Schultz (2000) distinguish between the identity, culture and image of the organization while also indicating these are interdependent terms.

Research shows that values, identity and organizational culture are the aspects that make family businesses stand apart from other undertakings, though they do not differ in structural features such as size, employment figures, area of activity, revenues, current investments and development plans. Family values are a valuable resource that drives the competitive advantage of the company and cannot be copied by other companies (Tàpies and Fernández Moya, 2012).

J. Klimek believes family business employees identify more with company values related to its mission. This results from the sense of community and belonging, and the generation identity that its members have. Family members who run a business are better motivated (Klimek, 2014).

An insight into the features organizational culture of family businesses reveals the existence of the following processes: (1) tensions between the two strong subcultures; (2) personalization of organizational links; (3) paternalism; (4) low level of formalization and bureaucratization; (5) management by the founder; and (6) a hermetic family culture. These features create a strong and distinctive corporate identity which is a source of identification for family members, but often creates a sense of alienation for employees from outside the family. A strong identity and culture related to the founder may lead to a post-succession crisis (Sułkowski, 2013).

VALUES IN FAMILY BUSINESSES

Family businesses base their identity on ethical principles and values, often declaring that there is no company without values ("Our company's organizational culture is based on values such as honesty, trust and mutual respect. Such a stable foundation greatly facilitates the functioning of the organization and establishing mutual relationships" [OCHNIK]. "The company has selected, communicated and implemented values that our employees identify with. Entrepreneurship, Customer Orientation, Professionalism, Reliability and Passion in pursuit of the goal are the values that the employees of the Raben Group express" [Raben]). C. Aronoff and J. Ward believe that values in family businesses are closely related to different areas of the company's operation; they are a "background" for organizational culture, they determine the way of making decisions, they inspire development and the achievement of the best results, they determine strategic planning, strategy implementation, strategic alliances, they are part of the recruitment and retention of employees and others (Aronoff and Ward, 2016).

The values expressed and implemented by managers and other employees of the organization are based on personal beliefs which contribute to the organization and are derived from the organizational culture (Szczepańska-Woszczyna, 2015). In a family business, each individual who is a family member and a company employee at the same time professes three types of values: family (group values), business (group and individual values) and own values (individual values). Company values include company development, company's long-term market sustainability, creation of jobs for the founders' children, maintaining (and/or increasing) profit in the long-term (owners do not seek quick profits at any cost, and certainly not at the expense of the company's existence). They also include keeping the company stable and secure; individual values provide an opportunity to pursue personal values and freely make life choices (Więcek-Janka, 2013; Arregle et al., 2007; Miller et al., 2008).

J. Tàpies and M. Fernández Moya (2012) mention three different groups of core values of a family business: 1) values that build coherence: respect, loyalty, honesty and reputation; 2) values that affect the company's sustainable development: entrepreneurship, excellence, hard work, prudence, quality and profitability; 3) values that support the transfer of core values: social responsibility and management transparency. The qualities that the employees are expected to have include: ethics and loyalty; responsibility; commitment; self-reliance; openness to learning and lifelong development; ability to work under time pressure; flexibility and adaptability; empathy (Ciasullo and Troisi, 2015; Szczepańska-Woszczyna et al., 2015).

In a research by Tàpies and Fernández Moya, the respondents believed that values evolve when passed on between generations. However, firm values can inhibit and limit entrepreneurial behavior and strategic change (Fletcher et al., 2012).

As shown by research conducted with 300 family businesses based in Poland[1], the owners' knowledge of and compliance with company values and the use of these values in the pursuit of business goals is one of the principles of family business management. The owners believe it to be crucial (the median score was 6 in the 7-point[2] bipolar ordinal scale). It can be argued that these values can underpin company management. The owners

[1] Research conducted in 2016 based on a direct interview technique with a sample of 300 family businesses at various stages of development (startup, growth, maturity, decline). A non-random sampling procedure was employed based on the knowledge of the population surveyed. The size of the sample depends on population homogeneity rather than on population size.

[2] Answer 1 means "I totally disagree", answer 7 means "I totally agree". Cronbach's alpha for the 0.885 scale.

believe they should manage their company themselves while observing the company's Articles of Association and bylaws, and having in mind the defined values, goals and succession plans. The correlation analysis of the owners' and successors' opinions on the operating principles of family businesses shows that the values are fundamental or are also reflected in other principles of business management. The strongest correlation occurred between the respect for company values and the clear definition of owners' obligations to stakeholders ($r = 0.56$, $p < 0.05$); between the respect for values and the principle of maintaining liquidity and considering the company's capital security when distributing the profits ($r = 0.44$, $p < 0.05$) and the principle of clearly defining family governance in a family business constitution ($r = 0.45$, $p < 0.05$).

While the owners' compliance with values and using the values as a basis for defining company goals are among the core principles of family business management, the values of a family business are not its strategic goal. These include long-term functioning (31.1% of respondents), profit maximization (22.3%), increased market share (15.0%), better customer experience (7.3%), market leadership (6.0%), and production of socially useful goods and services (5.3%).

The most important values cited by family businesses owners include: experience (62.3% of respondents), responsibility (47.7%), good climate (42%), reliability (40.0%), good relationships between family members (38.0%), stability (32%), heritage and sustainability (28.7%), profit (25.7%), common goals (25%), trust (24.0%), family reputation (23.7%), company honor (17.7%), honesty to stakeholders (16.7%), education (12.3%), well-being of employees from outside the owner's family (12.3%), and intuition (8.0%). As regards strategic goals of a family business and values declared by a family business, the strongest correlation occurred between the reputation of the owner's family and the company's honor ($r = 0.248$, $p < 0.05$), and between long-term functioning and a good climate ($r = 0.157$, $p < 0.05$). A negative correlation exists between profit maximization and good relationships between family members ($r = -0.1746$, $p < 0.05$) and striving for good atmosphere in the company ($r = -0.146$, $p < 0.01$).

Among the attributes of the family business identified by owners, values are ranked fourth (25.0% of respondents), preceded by decision making (45.7%), family business identification (29.0%), and prudent financial policy (26.7%). Owners also mention attributes that are directly related to identity building based on values such as work ethic, responsibility and commitment (24.3%), unique family culture that turns into corporate culture (20.0%), a logo which the family identifies with (19.3%), and care for employees from outside the family (16.7%).

The family businesses surveyed formulate their main strategic goals as commitment to long-term activity, profit maximization and continuous improvements to customer experience. These goals are derived from values such as experience, responsibility, good climate in the company as well as reliability and stability. A democratic management style prevails and is based on operating procedures such as a business plan, sales plan or company strategy. In this type of businesses, the number of management levels is small, and the linear structure by far prevails. The concepts most frequently used to structure the company's operations are holistic procedures. The type of internal control exercised by the owner or supervisory body is dominant in such businesses.

CONCLUSION

Values define the identity of family businesses and affect the way they are managed. Knowledge of and respect for company values by owners, and company goals defined on that basis are some of the most important principles of family businesses management, as indicated by owners. Family businesses take into account both business and family values in building their management model. These are the following values: experience; responsibility; good climate; reliability; good relationships between family members; stability; heritage and sustainability; profit; common goals for the company, individual family members and the whole family; trust; family reputation; family honor; honesty to stakeholders; education; well-being of employees from outside the family; and intuition. These results are partly consistent with the research findings by Lewandowska (2015) and Lewandowska et al. (2016), Stawicka (2010) and Safin (2007), Tàpies and Fernández Moya (2012). The values that promote development and long-term operation of a family business are experience and responsibility. This is consistent with research findings by Tàpies and Fernández Moya (2012). The authors also found that the strategic goals of family businesses can change during the succession process. In family businesses, values are related to the underlying operating principles while also affecting the choice of strategic goals. At the same time, research has shown that family businesses are business-oriented organizations and whenever a choice needs to be made affecting the company/family balance, priority is given to the company. In family companies, business aspects prevail over family matters. Family businesses must strike a balance between the pursuit of business goals (such as development, innovation and hiring talented employees) and family goals (such as preserving family values and protecting family assets). However, these goals can sometimes be divergent and difficult to reconcile.

REFERENCES

Albert, S., Whetten, D. A. (2004). Organizational Identity. In: M. J. Hatch, M. Schultz (Eds), Organisational Identity. A Reader. New York, Oxford: Oxford University Press.

Arregle, J. L., Hitt, M. A., Sirmon, D. G., Very, P. (2007). The development of organizational social capital: Attributes of family firms. J. Manag. Stud., 44(1), 73–95.

Aronoff, C., Ward, J. (2016). Family business values: How to assure a legacy of continuity and success. Berlin: Springer.

Bell, D. (2002). The break-up of family capitalism. In: C. E. Aronoff, J. H. Astrachan, J. L. Ward (Eds), Family business sourcebook. Georgia: Family Entreprise Publishers.

Bertrand, M., Schoar, A. (2006). The role of family in family firms. J. Econ. Perspect., 20, 73–96. https://doi.org/10.1257/jep.20.2.73

Boyd, B. Botero, I. C., Fediuk, T. A. (2014). Incumbent decisions about succession transitions in family firms: A conceptual model. Int. J. Financial Stud., 2, 335–358. https://doi.org/10.3390/ijfs2040335

Ciasullo, M. V., Troisi, O. (2015). The creation of sustainable value in SMEs. A case study, Excellence in Services.

Churchill, N. C., Hatten, K. J. (1997). Non-market based transfers of wealth and power: A research framework for family businesses. Fam. Bus. Rev., 10, 53–67. https://doi.org/10.1111/j.1741-6248.1997.00053.x

Dacko-Pikiewicz, Z. (2004). Tożsamość uczelni – więcej niż logotyp. In: G. Nowaczyk, M. Kolasiński (Eds), Marketing szkół wyższych. Poznań: WSB.

Dźwigoł-Barosz, M. (2017). Kształtowanie kompetencji z obszaru inteligencji emocjonalnej w procesie sukcesji współczesnych przedsiębiorstw rodzinnych. MPRA Paper No. 81976. Retrieved from: https://mpra.ub.uni-muenchen.de/81976/.

Elsbach K., Kramer R. (1996). Members responses to organizational identity threats: Encountering and countering the Business Week rankings. Adm. Sci. Q., vol. 41, 442–476.

Fernández, Z., Nieto, M. J. (2005). Internationalization strategy of small and medium-sized family businesses: Some influential factors. Fam. Bus. Rev., 18, 77–89. https://doi.org/10.1111/j.1741-6248.2005.00031.x

Fletcher, D., Melin, L., Gimeno, A. (2012). Culture and values in family business – a review and suggestions for future research. J. Fam. Bus. Strat., 3, 127–131. https://doi.org/10.1016/j.jfbs.2012.06.001

Fombrun, C. J. (1996). Reputation: Realizing Value from the Corporate Image. Boston: Harvard Business School Press.

Fombrun, C. J., Van Riel, C. B. M. (2004). Fame and Fortune: How Successful Companies Build Winning Reputation. New Jersey: Pearson Education.

Gabryś, B. J. (2015). Tożsamość organizacji w procesie odnowy organizacyjnej: ujęcie narracyjne. Management Forum, 3(2), 25–29. https://doi.org/10.15611/mf.2015.2.04

Hannebohn, O., Blocker, S. (1983). Corporate communication in the Praxis, Weberforum.

Hatch, M. J., Schultz, M. (1997). Relations between organizational culture, identity and image. Eur. J. Marketing, 31, 356–365.

Hatch, M. J., Schultz, M. S. (2000). Scaling the Tower of Babel: Relational Differences Between Identity, Image and Culture in Organizations. In: M. J. Hatch, M. S. Schultz, M. H. Larsen (Eds), The Expressive Organisation: Linking Identity, Reputation and the Corporate Brand (pp. 11–35). Oxford: Oxford University Press.

Hatch, M. J., Schultz, M. (2004). The Dynamics of Organisational Identity. In: M. J. Hatch, M. Schultz (Eds), Organisational Identity. A Reader (pp. 307–403). Oxford–New York: Oxford University Press.

Klimek, J. (2014). W rodzinnej firmie. Powstanie, rozwój, zagrożenia i szanse. Warszawa: PTM.

Lewandowska, A. (2015). Kody wartości. Czyli jak skutecznie przejść sukcesję w firmie rodzinnej. Poznań: Wydawnictwo Lewandowska i Partnerzy.

Lewandowska, A. Więcek-Janka, E., Hadryś-Nowak, A., Wojewoda, M., Tylczyński, Ł. (2016). Firma rodzinna to marka. Raport z badania. Poznań: Instytut Biznesu Rodzinnego.

Lis, A. (2013). Zarządzanie tożsamością w organizacjach na różnych poziomach zagregowania. Zarządzanie i Finanse [J. Manag. Finance], 11(4), part 2, 205–219.

Mach, Z. (2008). Przedmowa. In: T. Paleczny, Socjologia tożsamości (pp. 7–16). Rejony Humanistyki, 1. Kraków: Krakowska Szkoła Wyższa.

Marjański, A. (2012). Specyfika firm rodzinnych. In: Firma w rodzinie czy rodzina w firmie. Metodologia wsparcia firm rodzinnych (pp. 30–38). Warszawa: PARP.

Miller, D., Breton-Miller, L., Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and non-family businesses. J. Manag. Stud., vol. 45, 1, 51–78. https://doi.org/10.1111/j.1467-6486.2007.00718.x

Safin, K. (2007). Przedsiębiorstwa rodzinne – istota i zachowania strategiczne. Prace Nauk. Akad. Ekon. we Wrocławiu. Monografie i Opracowania, 100.

Stern, M. H. (1986). Inside the family-held business: A practical guide for entrepreneurs and their advisors. New York: Harcourt Brace Jovanovich.

Sułkowski, Ł. (2013). Concept of organizational identity in family business. Przeds. Zarz., XIV, 9, 133–144.

Szczepańska-Woszczyna, K. (2015). Responsible leadership contribution to Human Resource Management – A study of CSR-HR interface. Procedia Econ. Finance, 34, 403–409. https://doi.org/10.1016/S2212-5671(15)01647-0

Szczepańska-Woszczyna, K. (2018). (Nie)zmienność wartości w zarządzaniu przedsiębiorstwami rodzinnymi w procesie sukcesji i cyklu ich życia. Przegląd Organizacji, 10, 10–17.

Szczepańska-Woszczyna, K., Dacko-Pikiewicz, Z., Lis, M. (2015). Responsible Leadership: A Real Need or Transient Curiosity. Procedia Soc. Behav. Sci., 213, 546–551. https://doi.org/10.1016/j.sbspro.2015.11.448

Tàpies, J., Fernández Moya, M. (2012). Values and longevity in family business: Evidence from a cross-cultural analysis. J. Fam. Bus. Manage. 2, 130–146. https://doi.org/10.1108/20436231211261871

Whetten, D. A., Godfrey, P. C. (Eds). (1998). Identity in Organisation. Building theory through conversations., Thousand Oaks–London–New Delhi: Sage Publications.

Więcek-Janka, E. (2013). Wiodące wartości w zarządzaniu przedsiębiorstwami rodzinnymi. Poznań: Wyd. Politechniki Poznańskiej.

WARTOŚCI JAKO ELEMENT TOŻSAMOŚCI FIRMY RODZINNEJ

Abstrakt. Celem opracowania jest identyfikacja kluczowych wartości w firmach rodzinnych będących podstawą jej tożsamości. Na tożsamość organizacyjną składają się główne i wyróżniające atrybuty organizacji, m.in. podstawowe jej wartości i szerzej kultura organizacyjna, unikalne produkty. Bazę budowania tożsamości firmy rodzinnej stanowią wartości wyznawane przez właścicieli i sukcesorów firmy rodzinnej, determinują one model zarządzania, który powinien zapewnić jej ciągłość i długoterminowe działanie. Badania wskazują, że to właśnie sfera wartości, tożsamości i kultury organizacyjnej odróżnia firmy rodzinne od nierodzinnych, podczas gdy ich cechy strukturalne są takie same. Do realizacji przyjętych celów wykorzystano analizę literatury oraz wyniki badań bezpośrednich przeprowadzonych techniką wywiadu bezpośredniego wśród 300 przedsiębiorstw rodzinnych funkcjonujących w Polsce.

Słowa kluczowe: tożsamość organizacji, wartości, przedsiębiorstwo rodzinne