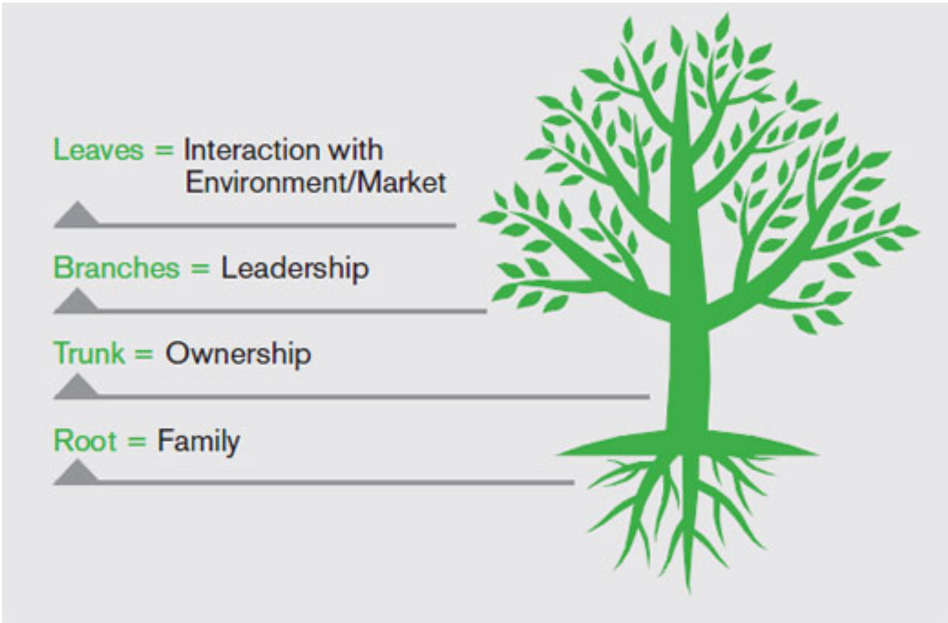
The secret of long-lived family businesses

Corinne Galliker



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Bachelor in International Management and Economics

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The secret of long-lived family businesses

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Management Summary

Family Business. For centuries, family businesses have played a leading role in economic systems and societies around the globe. Since, in Switzerland, around 88 percent of all businesses are family-run, their survival and success is of high importance to the country's growth and prosperity. Family businesses gain their character from the tight coupling of the three systems family, business and ownership, which impact the company's ability to capitalize on the unique resources and capabilities which family members bring to their family business. The close interaction of these systems and the unique bundle of resources and capabilities that result from family involvement, known as familyness, helps the business to translate core competencies into a unique set of competitive advantages. However, familyness can also evolve to become the biggest weakness of a company. Therefore, it is crucial to not only evaluate the added value that a family provides to a long-lived successful company but also the risks that can be associated with the family's resources.

Research Design. The study conducted 10 narrative interviews with Swiss family business entrepreneurs. This qualitative research approach allowed identifying each family business entrepreneur's personal opinion and experiences they have in association with familyness. The obtained data was inductively analyzed for each entrepreneur individually in order to understand what factors contribute to or hinder family business longevity. In order to confirm existing and identify previously unknown factors influencing family firm longevity, all views and opinions of the entrepreneurs were consolidated by weighing, comparing, and combining them using comparative analysis methods.

Results. The results indicate that there are different factors family businesses have to pay attention to, in order to be successful in the long run. Successful family businesses live their values and make sure that these values are passed through generations, since these values are what differentiates them from other companies. In addition to strong values, these family businesses show readiness for change, innovative thinking and acting and a full commitment and responsibility of the family members in situations such as difficult economic times or at their own family business succession.

Furthermore, these families try to unify their family members interests in order to retain family harmony in favor of the family business performance. Through open communication, these companies build up trust, respect and prevent and solve many problems. Moreover, the family members of successful family businesses take responsibility for the family business and all stakeholders involved. Meaning they put all their effort and passion into the business and are ready for significant financial commitment. Basically, all of these family businesses are based on relationships. They focus on maintaining long-lasting and personal relationships with their employees, customers and suppliers over generations. The importance of clear rules and structure about family members employment, succession, ownership, exchange of information and financial payout strategies is noticeable in all of these successful companies. Their clear rules and structures prevent conflicts and promote family business professionalism, which is highly important for them to attain reliability from employees, customers and other family members. Lastly, all of these family members show high professionalism and also require it from their other family members, when joining the family business. Good education, strong personality, entrepreneurial thinking and external professional experience provided them with the necessary competences to fulfill their challenging role in the family business. Through their involvement of external directors and managers in the family business they can increase the rationality and professionalism, which is often questioned in family businesses.

Conclusion. Thanks to ten family business entrepreneurs, telling about their family business success story, the above-mentioned success factors were developed. Contracting all of the success factors together it is noticeable that in conclusion, the family businesses' success depends of a common vision, based on values that are shared by all family members. A well functioning, healthy family, serving as the root of the family business, is the secret of long-lived family businesses.

Preface

Since I can think, my big dream was to one day continue our family business and to ensure the transition to the next generation. I grew up as a child of the 4^{th} generation of a family business, active in the transport and logistics sector. I spent a large part of my life at our company helping my family and sharing their passion for our family business. Passion, aim and family all this I link to our family business. Doing something you are completely committed to, having a goal in front of your eyes and this together with your own family - your loved ones - for me is the most fulfilling in life. Seeing my-self in our family business also means that I have to bring along the right qualities. After my three-year apprenticeship at our family business I gained first professional insights into the industry but also into our company. With the objective of studying economics, I completed the one-year professional maturity certificate. Following this, I went to the United States to professionalize my English, again with the objective to apply for the Bachelor of Science in Business Administration within the field of International Business & Economics. After the six months in the United States I did my first external internship at Porsche Switzerland in Marketing and Sales and then finally started my Bachelor at the Hochschule Luzern – Wirtschaft. During the third semester of my studies I attended the course “family business in the area of tension between family and business”. This inflamed my strong desire to write a Bachelor’s Thesis in the field of family business. It was important to me that my thesis could be practically adapted to our business and could also be useful to my future professional life. That was the reason that I got in touch with Dr. Claudia Astrachan Binz and started to research in my topic “The secret of long-lived family businesses”.

Thanks to ten family business entrepreneurs, giving me their precious time and telling me about their family business success story, I was able to develop recommendations for other family businesses that strive for a long-lived business success.

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1. Introduction

This Bachelor Thesis elaborates on various success factors of family businesses that have been successful over generations and aims to expose in what way the family contributes to this long-time success. The first chapter discusses the relevance of family businesses in the economy and points out the characteristics and essential features of a family business. Thus, the problems and challenges related to family business success and longevity are analyzed. To conclude, the aims of this study accompanied with the research questions are annotated.

1.1. Initial Situation

For centuries, family-owned businesses have played a leading role in economic systems and societies around the globe. For example, in Switzerland, around 88 percent of all businesses are family-run. While most of these companies are small and medium-sized enterprises (SMEs) with less than 250 employees, over 50 percent of large companies and about 37 percent of listed companies are, at least partly, owned by families (Zellweger, 2010 cited in Bucher, Salié & Frantzen, 2010, p. 16). These family businesses contribute to a strong economic base in Switzerland by providing 2.6 million jobs, almost two-thirds of the total employment in Switzerland, and by generating more than 60 percent of the Swiss GNP (Leuthard, 2010 cited in Bucher, Salié & Frantzen, 2010, p. 5). But also overseas, in the US, family businesses account for a large part of GDP, contributing 64 percent, and being responsible for 60 percent of the nations employment (Bernard, 2013, Keeping business in the family, para. 2).

The essential feature of the organizational form 'family business' is the coupling of the three social systems family, management and ownership. Each one of these three interconnected – and overlapping – systems constitutes a corresponding interest group, each with its own goals, dynamics and legitimate perspectives. In order to be successful in the long-run, family businesses have to ensure not only that these three systems are functional, but also that they mutually support each other's goals (Davis, Three-Circle Model of Family

Business System, 2013, para. 2). The fact that only about 3% of all family business manage to survive beyond the third generation – and hence, become a multi-generational family business – shows that a large majority of these companies fail to do so (Von Schlippe, Nischak & El Hachimi, 2008, p. 30). The few companies that do survive across generations are successful examples of long-term family entrepreneurship.

1.2. Problem Definition

With family businesses being the backbone of the Swiss economy, their survival and success is critical to the country's growth and prosperity. The fact that only a small minority of companies survive in the long run raises to question of what these companies – or more importantly, the owning families – do differently, or better than the ones that fail. Of central is therefore the relation of the owning family as an input variable and the business performance as an output variable. And even though, there have been numerous studies investigating the performance of family businesses and the contribution of the owning family, the questions remains in which ways exactly owing families contribute to the business' success (Zellweger, 2007, p. 3). Therefore, it is important to understand that "differentiating among family types can also provide insights about the effects of different family structures and exchange patterns since the levels and types of family involvement will have a bearing on intra-family relationships, goal alignment, and strategic decision making" (Gersick et al., 1997; Sharma and Manikutty, 2005 cited in Chrisman, Sharma & Taggar, 2007, p. 1005).

Previous research has shown, for example, that the strong linkage between family and business, the strong personalities of the founders and the long tradition, which, among other things, are often considered as a family business' unique characteristics, may be also the base for its continuing success (p. 15). Poza (2010) states: „Family unity is a strong predictor of (not necessarily a cause of, but highly correlated with) the successful use of managerial and family practices by multi-generational family-controlled companies" (p. 40). As a family business gains its character from the tight coupling of the family and business system, „it affects the firm's ability to capitalize on the unique capabilities and/or resources that family members bring to the company's business model. Thus, it helps the company translate core competencies into a unique set of competitive advantage" (Poza, 2010, p. 40). In turn, this main strength of a family business, namely the family, can also evolve to become the biggest weakness of a company (Baus, 2010, p. 16). Therefore, it is crucial to not only evaluate the added value that a family provides to a long-lived successful company but also the risks that can be associated with family ownership.

1.3. Objectives and Research Question

The goal of this Bachelor Thesis is to identify what owning families contribute to a family business' success and longevity. Furthermore, the thesis will also elaborate on the main risks associated with family ownership and involvement. Hence, the overarching research question of this thesis reads as follows: In which ways does the owning family contribute to, as well as endanger, long-term firm success? In other words, what factors – besides those that have been identified in previous research, such as financial independence or lack of conflict management skills – contribute to or hinder family firm longevity? This research therefore sets out to confirm existing and identify previously unknown factors influencing family firm longevity. As a direct outcome, this thesis will produce a practical recommendation guideline containing research-based recommendations that should enable families to help their business be successful over generations.

1.4. Structure of the Bachelor Thesis

Foundations. The first chapter contains the introduction, which outlines the relevance of the topic, as well as the aim and the structure of this bachelor thesis. The second chapter contains the definitions derived for this bachelor thesis and covers the theoretical foundation of the concept of familyness and its related forms of capital such as physical, human and social, financial and organizational capital.

Research Design. The third chapter outlines the research design of this study including the explanation of the qualitative narrative approach, the strategic sample, the empirical instruments as well as the quality criteria. Furthermore, it demonstrates the data analysis approach and shows up the development of themes and categories.

Results. In the fourth chapter the empirical sample is presented followed by comparative analysis of the interviews, which discusses the two dimensions: family and business and the corresponding themes, family characteristics, harmony and commitment, as well as governance structure, relationships and sustainability.

Discussion/Conclusions. This chapter contains the interpretative discussion part and summarizes the key findings of this research.

Recommendations. The last chapter involves recommendations for family businesses seeking long-term business success.

2. Theoretical Foundation

In a first step, this chapter will elaborate on the term family business and will highlight the differences between family businesses and non-family business. In a second step, this chapter addresses the meaning of longevity and further introduces to the concept of familyness.

2.1. Defining the Family Business

Everyone can intuitively recognize family businesses. However, the exact definition of a family firm is a complex issue. Existing definitions are based on the independent sub-definitions of “family” and “business”. The relationship between the two spheres, family and business, is created through ownership, which gives the family the power to control the company. It is important to note that, in order to control the business, the family does not need to be in possession of all voting rights. It is sufficient if it can exercise control through the part of the voting rights it possesses. This control possibility is namely one of the main features of family businesses (Gubler, 2012, p. 37). Plate et. al (2011), share this view by defining a business as a family business if the majority of the decision rights of the business lies in the hands of the family. If it is a listed family business the founder, owner or its relatives have to a blocking minority of 25 percent of the company (p. 9).

Family businesses are often defined with the following criteria: “percentage of ownership, voting control, power over strategic direction, involvement of multiple generations, active management by family members, and others“ (Shanker & Astrachan, 1996, p. 108). Thus, a key feature of the family businesses is that the family has significant influence on the organization exerts (Klein, 2010, pp. 3-4).

A further criterion that has to be considered while defining family businesses, is that its definition can vary due to the degree of family involvement. Shanker and Astrachan (1996) divide the criteria used to define family businesses into three groups:

Broad: The broadest definition involves that the owning family has some degree of effective control of strategic direction. Furthermore, it has to be intended to remain the business in the family ownership. This first definition describes businesses where a family member influences decision-making, while not operating daily with the business. This can be done through significant stock ownership or through board membership.

Middle: The middle definition involves all the criteria of the first group. Additionally, it requires that the business has to be run by the either the founder or its descendant.

Narrow: The narrowest definition describes businesses where only one family member is directly operating day-to-day in the business. If a business involves direct family involvement in daily operations of multiple generations and multiple family members have significant management responsibility, the narrowest family business definition is appropriate (p. 108 – 110).

In most cases family owners are typically broader in their definitions of success and are more patient in their desire for returns as to them they counted in the form of substantive technological or social accomplishments and the especially the long-term health of the company (Miller & Le Breton-Miller, 2005, p. 20). In critical situations, they may act intelligently but boldly, knowing that the benefit or loss will accrue directly to the family. Therefore, family manager tend to act on behalf of the larger family group that depends on the company for its lifeblood and in order to steadily contribute to the family's incremental and long-term wealth. Each generation has the goal to grow the business' value and leave behind a business better and stronger than the one they inherited (Ward & Denison, 2005, p. 58).

In this paper a company is defined as family business if one or more family members substantially influence the company be it through a supervisory or a management function (Fueglistaller & Halter, 2005, S. 35).

2.2. Family Businesses Longevity

The average timespan of companies listed in the Standard & Poor Index is 30 years. Whereas, the average timespan of listed family business is 75 years. This shows that the close alliance of a family to a company can be a positive spin-off that can contribute to a long-term success (Simon, Wimmer & Groth, 2005, p. 13). When talking about longevity of family businesses, current researchers talk about multi-generational family businesses. They are defined as family businesses where the owning family has a decisive influence on the corporate and business policy and that have outlived three generations. This longevity of family businesses should not be underestimated since empirical data shows that only a minority of less than 10% reaches the fourth generation (Simon et al., 2005, pp. 13-14). According to Ward (2004) family businesses fail to perform over generations due to five main reasons. First, if a company does not go with the time and fails to recognize changing market needs and / or becomes technologically outdated and if it outgrows the abilities of the incumbent management to lead it. Second, if the death of key family members, lack of succession and / or cash shortage defeat the business. Third, if the successors are less motivated, hungry and less interested in the business than their predecessors. A fourth reason for failure of family businesses is their rapid family member growth (p. 5). With each generation "different family members develop different interests, different values, different goals, different hopes, and different expectations" (Ward, 2004, p. 5). Often family members grow apart and conflicts develop. This saps the business of aligned goals, energy and commitment to continuity. Lastly, "the environment created by one generation results in difficulties for the members of the next generation – hindering their ability to solve problems, exacerbating conflicts among them, or stifling them and making them so frustrated they leave" (Ward, 2004, p. 5).

The significance of the last three reasons; an ill-prepared successor generation, the emotional environment created by the incumbent generation and the fragmentation of the family as it grows larger are all family based. Ward's study results shows, that the perception of a majority of family business members, sees the most significant dilemmas, in terms of reaching for long-lasting success, within the family (Ward, 2005, p. 5). This shows, that multi-generational family businesses that reach the fourth generation need to have certain constellation and characteristic attitude potentials which increase their survival probability (Simon, Wimmer & Groth, 2005, pp. 13-14). Often the question arises what specific constellation and characteristic attitudes contribute to or hinder family businesses longevity? In order to elaborate on this question the concept of familyness will be discussed in the next chapter.

2.2.1. Concept of familyness

Family businesses have a particular distinction from non-family business, which is the involvement of the family. Previous studies associate family involvement to the sustained competitive advantage of family businesses over other organizations (Habbershon & Williams, 1999, p. 1). They distinguish themselves from non-family businesses in the way that they are characterized by the complex interaction between family, ownership and business. The close interaction of these three systems and the unique bundle of resources and capabilities that result from family control is called familyness (Mühlebach, 2005, p. 9). According to Chrisman, Chua & Litz (2003) familyness is “the unique, inseparable, and synergistic resources and capabilities arising from family involvement and interactions” (p. 470). The close interactions between and within the systems family, business and ownership can have either positive or negative effects on the resources and capabilities of a company (Mühlebach, 2005, p. 13). Family businesses that want to be successful over generations need to incorporate the family into their thinking and action. In other words they have to proactively and systematically assess and manage the familyness of their firm (Mühlebach, 2005, p. 10). In order to describe the interaction of the three systems family, business and ownership four dimensions including family influence, structure, tradition and the owning family’s philosophy, that can all positively or negatively impact the familyness of a company will be elaborated in the next paragraph (Mühlebach, 2005, p. 13).

1. Family Influence: The degree of family influence depends on the ownership stake and the participation of the family in the management team and the board of directors. Most likely, the more influential and powerful the position of the family is, the more pronounced the familyness of a company is.

2. Family Structure: It could have been observed that different opportunities and challenges related to familyness arise depending on the configuration of ownership and the number of family members actively involved in the business as well as the number of shareholders.

3. Family Tradition: In most cases family businesses' tradition increases with the number of generational transitions of ownership and leadership of the company.

4. Family Philosophy: Family businesses can either have a "business first" or "family first" philosophy.

Researches showed that all of the four dimensions have a major impact on the capabilities and resources of the business (Mühlebach, 2005, p. 55). Therefore, a continuously and proactively adaption of the four dimensions by the owner family is essential in order to strengthen distinctive and prevent constrictive familyness (Mühlebach, 2005, p. 55). Distinctive familyness refers to positive factor influences, which hold the potential to provide an advantage for the company. In contrary, constrictive familyness refers to negative factor influences, which hold the potential to constrain competitiveness (Poutziouris, Smyrnios & Klein, 2006, p. 74). In order to identify the distinctive and / or constrictive familyness of the company, the different forms of capital in family firms will be discussed in the following chapter.

2.2.2. Forms of capital in family firms

Within the scope of this paper the five forms of capital in family firms; physical, financial, human, social and organizational capital will be discussed in order to elaborate the benefits and risks associated with familyness.

2.3. Risk and Benefits associated with Familyness

2.3.1. Familyness in physical capital

Many family businesses manage to build a unique collection of resources that can be an essential source of competitive advantage. Due to early occupation of strategic positions, family businesses have advantages including good locations, valuable real estate, a unique physical distribution network or privileged access to raw materials (Mühlebach, 2005, p. 15- 17). Territorial roots can be a source of great strength for the family firms, since local policy see the importance of the company for the area. Consequently, they give the family firms special attention and facilitate their development. Thanks to the particular geographic positioning, the family business' location can underpin a solid network of suppliers of top-level products and services (Corbetta & Salvato, 2012, p. 29). Additionally, there are many family businesses, which have advantages in the field of technologies and equipment by having higher flexibility due to self-fabrication, unique factory layout or special production processes (Mühlebach, 2005, p. 15- 17). Witt (2009) mentions that the progress of innovational strength and technological competences is not only due to high investments into research and development more often it is associated with the ability of the family businesses to recognize and absorb new technological trends (p. 10).

However, physical capital, such as territorial roots can also become a limitation for some family firms since families often become lazy, complacent or provincial and ignore what is happening outside their area until it is too late (Corbetta & Salvato, 2012, p. 29). In addition, there are cases where capital is being tied up in assets which are no longer essential for the business operations but which cannot be sold because of disagreement within the owning family. Since the owning family can decide about the acquisition, combination and development of the company's physical resources, it is important for families to think how their influence, structure, tradition and philosophy impact the physical resource pool of their company (Mühlebach, 2005, p. 16).

2.3.2. Familyness in financial capital

Property obliges. In fact, many families have their entire property invested in their family business. Thus, the financial situation of the family is directly related to the success of the company (Winkeljohann, 2010, p. 35). The owning family plays a vital role regarding investments and financial decisions in family businesses. According to Romano, Tanewski and Smyrnios (2001) the majority of family businesses apply self-financing and prefer this to debt financing and debt financing to external equity routes (p. 289). Than, "personal, existential independence is one of the most powerful driving forces of entrepreneurial activity" (Mühlebach, 2005, p. 18). This justifies also why most family businesses try to omit borrowing capital that not only comes with the obligation to pay interests but more relevant that increases the dependence on third party's judgment. Under certain circumstances such as economically difficult situations for the company, family business owners renounce on interest and dividend payments whereas other companies have to fulfill their interest payments and credit amortizations also in economically difficult times. A further argument is that "the fact that family business managers are dealing with their own money and the inheritance of their children and are not as subject to the quarterly whims of Wall Street allows for more patient capital" (Ward & Denison, 2005, p. 58). Therefore, lower cost of equity capital and so-called "patient capital" can be competitive advantages of family financing (Ward & Denision, 2005, p. 58). Family businesses can benefit form their unique opportunity to be long-term oriented. Strong family businesses prefer long-term value to short-term results and can therefore be more consistent in their business-building efforts and react less to up and downs in the economy or their industry. Research and development, brand name development market expansion, or even investments in out-of-fashion businesses can be such efforts (Ward, 1997, p. 333). Moreover, the goal of family businesses is to keep control over the business through their conservative financial policy. Family businesses can further benefit from fast decision-making processes due to the unity of ownership and leadership which is mostly the case in family businesses (Mühlebach, 2005, p. 18).

Whereas non-family businesses have to comply with short-term measures and narrow expectations imposed by external capital markets, family businesses have the ability to successfully pursue unconventional strategies. The pressure to meet market expectations for quarterly numbers can dictate many short-term decisions in non-family companies, even though this has negative long-term consequences. The wide latitude of family businesses in business adaption becomes a primary competitive advantage and allows them better long-term business performance (Ward, 2005, p. 30). Miller and Le Breton-Miller (2005) confirm these findings by saying that "family ownership often gives top managers the latitude to be farsighted, inclusive, and generous; this produces a real edge in managing for the long run" comparing to executives at non-family businesses who are forced to please short-term shareholders, which is a limitation (p. 209).

Since private family companies are not exposed to the pressure of global capital market they have the advantage of not been watched as closely by the media, which can be considered as an extra advantage since competitors have no access to detailed financial or operational business information. Additionally, they have a much smaller administrative burden than non-family businesses (Mühlebach, 2005, p. 18).

Nevertheless, the conservative financial policy of many family businesses shows also some risks and disadvantages. First, the primacy of self-financing often leads to an inadequate diversification of financial risks of owner-managers. Second, high dividend payments and withdrawals by family members can exceed the company's capacity of self-financing. Furthermore, the owning family can influence the investment horizon, the propensity to take risk, the cost of equity and the capital structure of the company. Thus, the financing and investment policy of a family business is significantly influenced by the influence, tradition, structure and philosophy of the owning family (Mühlebach, 2005, p. 19). For family businesses re-investing retained earning could be a real competitive advantage, as it allows them be more independent from capital markets. Furthermore, it allows them to stay focused on innovation and development of their core competencies, rather than satisfying stakeholders' quarterly expectations. However, over-reliance on retained earnings, bank loans and family funding brings along limitations and is often not the most efficient way to fund growth. Therefore, family businesses should be open to take alternative sources of funding such as private equity or flotation even into consideration. A study conducted by Ernst & Young however, showed that for family businesses external funding is the less desirable route, however, if family businesses wish to remain competitive and efficient, they should not dismiss these external funding options (Ernst & Young, 2012, p. 12).

What could have been observed in family businesses, is that investment policy can range from a sense of entitlement to a sort of pure return-on-investment mentality which guarantees commitment as long as the family business offers above-average rates of return. By applying such investment policy, family businesses tend to lose the very uniqueness that being family owned companies have. When family members start to focus only on financial returns and view their asset as interchangeable with any other asset offering comparable returns, then it is time to think if sustaining the family business makes sense anymore. To conclude, "the purely financial perspective becomes a self-fulfilling prophecy" (Aronoff, 2004, p. 57). In order to find a common investment philosophy, families should regularly assess how their involvement impacts the financial and investment policy and make sure if they reach the current and future financial needs of the company and the owning family (Mühlebach, 2005, p. 19).

2.3.3. Familyness in human and social capital

Human capital consists of a company's employees experience, skill, knowledge and commitment (Mühlebach, 2005, p. 22). According to Ward (2004) "commitment to the family's purpose, commitment to planning for the future of the family, commitment to the valuable work that takes place in family meetings, and commitment to the business and its continuity within the family" is key to multi-generational family business success (p. 21). Since family members of family businesses simultaneously participate in business and family relationships, human capital in family business can be quite complicated "The duality of these relationships increases their complexity and creates unique context for human capital (both positive and negative), compared to nonfamily firms" (Sirmon & Hitt, 2003, p. 341). Human capital can be associated with the advantage of the extraordinary commitment of family members and is promoted by intimate relationships to transfer deep firm-specific tacit knowledge (Donnelley, 1964 and Lane & Lubatkin, 1998, cited in Smyrnios, Poutziouris & Goel, 2013, p. 245).

Furthermore, human capital includes the employees' relationship with each other but also with people outside the company (Mühlebach, 2005, p. 22). At some time in most family businesses the question arises whether to employ further family members and relatives or not. Exemplary owning families will foster a trusting and close communication among family members in the company (Mühlebach, 2005, p. 22). Researches show that successful business families are families that work hard at communication and that recognize how important, complicated, risky and rewarding communication can be.

Communication can signify a sympathetic and close relationship between individuals. As such it requires vulnerability, trust and the willingness to raise issues that might lead to conflict and disagreement (Ward, 2004, p. 16). This strong relationship within the family can also have a positive impact on relationships with employees, non-family managers and business partners (Mühlebach, 2005, p. 22). These relationships between individuals or organizations are defined as social capital. According to Nahapiet and Ghoshal (1998) social capital can be explained by the "sum of the actual and potential resources embedded within, available through, and derived from the network" (1998, p. 243). Social capital involves the three dimensions: cognitive, structural and relational. The first dimension refers to a shared language and narratives, the second dimension is based on network ties and configuration and the third dimension is based on trust, norms, and obligations. Each of these dimensions is represented within the relationships of the owning family itself but also within the relationship the family businesses have with external stakeholders. Family businesses have the advantage to built more effective relationships with suppliers, customers, and support organization as the family's social capital increases by connecting these diverse social structures (Lounsbury & Glynn, 2001, cited in Sirmon and Hitt, 2003, p. 349). Mühlebach (2005) states that especially trust and integrity in relationship can be advantageous when developing long-term business relationships with customers, suppliers, and sources of funds (p. 22). Also the today's rapid rates of change and the high competitive pressure for speed, efficiency, and flexibility, are driving companies to a variety of close working relationships that are based on trust, reliability, and long-term orientation. Again, since family businesses often foster such values, they are seen as desirable partners for such relationships (Aronoff & Ward, 2011, p. 52 -53). Eddleston & Morgan (2014) support these by saying that trust, closely-knit relationships and commitment have been identified as essential to family business success and longevity (p. 213).

These values of family businesses are mostly closely linked to the personality of the company's founder or its successor and are often called the DNA of a company. This DNA includes intellectual approaches, possible conflict resolutions and solutions to problems all based on tradition, tolerance, sustainability and responsibility. Some companies write their company DNA down on paper in form of a family strategy which does not mean that this DNA cannot be changed when necessary. Attentive family businesses adapt their DNA to the current circumstances. Nevertheless, the company's DNA serves the owner family but also the employees as a stable guidance in situations where difficult decisions have to be made. Moreover, it serves as orientation and motivation in difficult situations (Winkeljohann, 2010, p. 41). This specific company DNA is in many family business featured with special personality traits such as ingenuity, tenacity and indigenous solidarity but also personal modesty which contributes to the essential success of family businesses (Baumgartner, 2009, p. 25). One thing that should never be underestimated when talking about DNA is how much good parenting contributes to a family's DNA. Successful owning families know that all the important skills such as the capacity to seek consensus, the capacity to make decisions, the capacity to want fairness and justice for others and the capacity to communicate are skills that are best leant by growing up in your own family (Ward, 2004, p. 28). This human capital of family members in family businesses is a distinctive resource which can be developed "through learning-by-doing and apprenticeships that differ from those available in non-family firms because they are often provided by other family members at home, through summer jobs" (Dawson, 2012, p. 4). Often, children of family businesses already learn their family's business as children, "hanging around behind the counters or outside the loading dock after school" (Gersick, 1997, p. 2). Through this early involvement of children in the family business a competitive advantage over non-family business can be generated, because tactic knowledge is difficult to codify and is transferred through direct exposure and experience (Lane and Lubatkin, 1998, as cited in Sirmon & Hitt, 2003, p. 342). According to Matuoka Mizumoto and Macchione Saes as cited in Smyrnios, Poutziouris & Goel (2013), it is the parents' responsibility to invest in their children's human capital and considering the family business context since it is the family that provides human, social and financial capital to the business (p. 236). In most family businesses family member employees have longer tenure than non-family employees. This is one way relevant knowledge is kept inside the company. Another way to transmit relevant, tactic knowledge as well as access to networks from one generation to the other is the family-internal succession (Mühlebach, 2005, p. 22). Based on the long tenure and the high commitment by owners and managers to the business they can better understand risks in the company. Since others correctly perceive that the owner's commitment reduces risk, the owners and managers of family businesses often get easier access to permits and community support (Aronoff & Ward, 2011, p. 55). Moreover, family businesses have more than just quality products and services which are necessary for being successful, "they can tell the story of the family, its struggles, failures and successes, and in the process customers and stakeholders identify with the company and gain greater faith in its trustworthiness" (Hall & Astrachan, 2014, p. 12).

However, family businesses face complex challenges regarding human capital such as managing complex corporate governance and ensuring that they have the right people in the right job. Having the right talent and its effective management is always one of the key drivers of business performance. During recent years, family businesses' good performance is due in no small part to a competitive advantage in attracting and retaining the right talents. At the same time, this is a particular challenge for a family business because it is directly linked to that of succession, both from within and outside the family (Ernst & Young, 2012, p. 19). In a study conducted by Ernst & Young in 2012, when family businesses were asked how hard they found it to hire non-family executives, a quarter of the family businesses said that they had found conditions no different from usual. However, it has shown that firms in the first and second generation have more difficulty to attract non-family executives compared with those in the third generation and above. This is basically, due to the fact that the family business culture in businesses, in which at least two successions have taken place, are more engrained and "the controlling egos often associated with the founders generations are much diluted and therefore less of a threat for non-family executive in terms of control and executive autonomy" (Ernst & Young, 2012, p. 21). Aronoff and Ward (2011) support this statement by saying that there are family businesses where all power rests in one person who is not accountable and reluctant to advices from outside. In such cases, the business can become rigid and averse to changes. Additionally, there is often a lack of fresh insight, which stems from the tendency to have no independent directors, only few new managers from outside and limited external experience (p. 57-58). Because of family member employment, exclusive succession, limited potential for professional growth and lack of perceived professionalism, family businesses face the challenge of attracting and retaining qualified managers (Sirmon and Hitt, 2003, p. 342). The phenomenon of employing family members who lack the necessary capability or lack the motivation to take on a leadership role within the business and thus, damage the family business success can often seen in family businesses and is associated with nepotism (Mühlebach, 2005, p. 21).

Family members also play an important role in the issue of succession. As mentioned above family businesses often fail in the planning of their succession since family businesses succession is a highly complex process and often comprises a balancing act for everyone involved such as the family, company and owner. "Resolving issues around succession is both emotionally led as well as practical; alongside fiscal, legal and financial questions are the very personal aims and values of the family members and, in particular, the views and ambitions of the next generation of family business owners" (Ernst & Young, 2012, p. 16).

2.3.4. Familyness in organizational capital

Family businesses striving for longevity need a good organization capital meaning good structures and processes and an applied business culture to coordinate physical, financial and human resources. Structures and processes refer to the extent of delegation and control, the formation of hierarchies and the decision-making and communication process of an organization. Most of the small and medium-sized family businesses are characterized by an informal communication style and are more people-rather than tasked-oriented organization. Moreover, they are typically characterized by flat hierarchies which all leads to high organizational flexibility and quick decision-making (Mühlebach, 2005, p. 23). This especially, because in many family businesses, managers are at the same time owners of the company who do not need permission to make spot decisions (Aronoff & Ward, 2011, p. 54). However, this can also result work overload due to lack of delegation at the top of the organization (Mühlebach, 2005, p. 23). In addition, it leads often to a lack of information and directing systems which should exist to guarantee a goal-oriented coordination of planning, supply of information, governance and surveillance of the company (Baumgartner, 2009, p. 27).

A good way family businesses can structure their way of managing themselves and their businesses, is to compare themselves to democracies. First, they need to define why they want to stay together. Second, they need to define how they will create decision-making structures and third, who is going to exercise leadership. Therefore, the family needs to agree on sharing the same vision and values for wanting to stay together. "The values are expressed by the inherited, underlying culture that each new generation must make their own" (Schwass, 2013, p. 7).

Culture describes the values, norms and attitudes of employees and managers that are difficult to observe but have a great impact on the behavior of an organization. Many family businesses have strong corporate cultures, as they are often led by the same person or group of people for years. In most cases, the founder of a company plays a preeminent role. His or her values and norms get deep-rooted in the company and are not only reflected in organizational processes and routines, but also in the architecture of the buildings and furnishing of the facilities (Mühlebach, 2005, p. 23). "Corporate cultures conducive to entrepreneurial and stewardship behavior can provide a company with a competitive advantage" (Mühlebach, 2005, p. 23). For example do employees and managers not only enjoy the freedom to pursue new and creative ideas but also appreciate having room for experiments without being blocked by bureaucratic hurdles (Mühlebach, 2005, p. 23).

It has been shown that the combination of business and family goals can produce enviable success, especially when the family is unified around clear values (Aronoff & Ward, 2011, p. 36- 37). An inspiring goal enables an owning family to face the inherent contradictions of being in business together and gives them the will and energy to overcome unavoidable tough situations. In addition, it empowers family members to feel they are part of something much larger and more significant than their individual selves (Ward, 2004, p. 26). Shared values, visions and commitment enhance family businesses' success. Moreover, each generation approaches the family business with new enthusiasm, fueling new energy and insights and is able, through drawing on their shared values; to evolve new strategic business advantages (Aronoff & Ward, 2011, pp. 36-37). However, "it is statistically proven that generational transition is the highest risk for continuity and that the vast majority of families in business fail to effectively deal with it" (Schwass, 2014, p. 5). With each generational transition the family complexity increases. It could have been observed that the greater the family complexity, the bigger the differences between family members in terms of personality, abilities, interests, personal circumstances, education and so forth is. (Poutziouris, Smyrnios & Klein, 2006, p. 147). In growing families, unavoidably there will be some family members who will not share the same values. They may not like commitment to hard work, the family connection to the business or the associated constraints. Successful families understand and accept some family members different way of thinking and facilitate their departure. Thus, the committed, staying family members will feel stronger and more united as they define their shared vision for their own generation (Schwass, 2013, p. 7).

Thus, it can be said, that time affects the complexity of a company positively through a process of accumulation of resources that leads among other things to further business growth, number of processes, internationalization and amount of knowledge. Hence, not only the complexity of family is affected by the passage of time, but also the business complexity (Poutziouris, Smyrnios & Klein, 2006, p. 147). Thus, it is important for owning families to recognize that they need to critically examine how their influence, tradition, structure and philosophy impact the company's organizational capital. Than, only if they are aware how they impact the values, structure and culture of the company they will be able to develop and protect their intangible, family-bound resources (Mühlebach, 2005, p. 25). Therefore, it can be a good way for family businesses to outline their vision in form of an explicit and detailed document elaborated by the owning family. The document should involve rules and guidelines that govern the behavior of the family and other individuals. The key elements of the document are the following; “employment policies for family members in business, conflict resolution mechanisms and most importantly, emergency planning guidelines in case of family or business crisis” (Schwass, 2013, p. 8). In addition, the document contains clear structures of family communications for the entire family and for the delegation, which assumes some family leadership responsibilities. Finally, each family business has its individual governance structure. What most family business have in common, is that compared to public corporate companies, the vast majority of family members underestimate the potential value of truly independent directors of the board of directors (Schwass, 2013, p. 8).

3. Research Design

This Bachelor Thesis discusses the influencing factors of an owning family on its family business' success and longevity. On the one hand the study investigates what the owning families contribute to their business' success and longevity and on the other hand it also examines the main risks associated with family ownership. The first part of this thesis will give an overview about current research results in the field of longevity of family businesses with a focus on familyness in physical, financial, human, social and organizational capital which can be impacted by the family's influence, tradition, structure and philosophy. In form of qualitative narrative interviews with members of different Swiss family businesses, personal stories, lessons learned and recommendations according to familyness will be derived that have not been identified in pervious research yet. The result of these conducted interviews should serve as a guideline for other family businesses that face similar situations.

3.1. Qualitative Narrative Approach

The development and definition of an appropriate methodological procedure for this bachelor thesis is essential and depends on the aim of the study. The goal of this dissertation is to get a look behind the surface of family businesses and their owners and to reflect upon the experiences and feelings relative to the research questions (Davies, 2007, p. 26). In order to reach this goal the method of narrative interviewing will be conducted. The focus lies on investigating particular situations described by the interviewees. According to Mason (2002), the qualitative research method enables to explore a wide array of dimensions of the social world, including the understandings, experiences and imaginings, as well as the texture and weave of everyday life of owners of family businesses. By conducting narrative interviewing, owners of family businesses are freely asked to talk about their perceptions (pp. 1-3). Through, open questions the participants shall be motivated to talk about their personal relationship to the family business, their role in the family and the business and the with it associated influence on the company. The aim is to find out how they perceive their contribution to the company's success and in what way they see themselves and their family as a potential risk for their company. All this can be surveyed by using a methodology that celebrates depth, richness, context, complexity and multi-dimensionality. Since this dissertation's goal is to analyze a small number of specific family business owners' goals, strategies, action patterns and solutions approaches regarding their family ownership and their business, the qualitative research design will be applied. Qualitative research is associated with inductive reasoning, meaning, generating new theory from data, which is preferred to quantitative research which is associated with inductive reasoning, aiming at testifying a theory, which would not fulfill the expectations of this dissertations (Davies, 2007, p. 25).

3.2. Strategic Sample

Narrative interviews conducted with the qualitative research approach serve as the foundation for making sampling decisions. The first phase of the sampling process involves the identification and definition of the population (Flick, 2014, p. 167). The population refers to the category of people the study intends to draw the strategic sample from (Davies, 2007, p. 55). According to Przyborski & Wohlrab-Sahr (2014), the composition of different family business cases is relevant in order to enhance the comparability of the different cases (p. 177). The strategic sample of this study relies on a sampling structure with defined indicators in advance (Flick, 2014, p.169). The strategic sample for this study therefore consists of members of family businesses with a significant importance in the Swiss economic market, which is one homogeneous sampling criterion, set beforehand. For this study the following further criteria are predefined:

- The family business has to be owned by the family for at least three generations
- The family member has ownership in the family business
- The family member either has a operational or strategic (advisory board) role in the family business

First, the family business has to be at least owned by the third generation, since the aim of the study is to find out the success factors and risks that evolve over generations. Second, the family member has to have or had ownership in the family business. Third, for this study it is important to interview family members that are part of both; the system family and the system business. All three criteria refer to the aim of this study, which is to find out in which ways does the owning family contribute to, as well as endanger, long-term business success? Therefore, the analysis of the interaction of the interviewee in both; the system family and the system business, is of high importance for this study.

3.3. Empirical Instruments

Following the research process, the necessary empirical instruments have to be created. According to Miles, Huberman, & Saldaña (2014), „using validated instruments well is the best guarantee of dependable and meaningful findings“ (p. 39). The empirical instruments consist of the interview outlines in English and German, the Pre-Test and the data analysis tables for the analysis of the collected data.

The interview outline with the carefully prepared research questions is the most important part of the research process, since it can omit an overload of information for the data analysis (Miles, Huberman, & Saldaña, 2014, p. 39). The research questions for the interview outline will be derived during and after the development of the theoretical background. The main idea is to formulate hypothesis based on the theoretical background, which will be tested in the interviews with family business owners. At the end, the aim is to link back the collected data to the theoretical background.

The interview outline starts with more general questions and goes over to more specific ones. At the beginning of the interview the initial situation, the purpose of the interview as well as the research questions and the goal will be introduced to the interviewee (Przyborski & Wohlrab-Sahr, 2014, S. 129). Open questions that can be flexibly adapted in any situations will allow to "stimulate reflection and exploration" (Davies, 2007, p. 29). Furthermore, the narrative interviews presuppose that the interviewer does not give too many boundaries to the interviewee, the questions should not be too detailed, so that the interviewee can speak as freely as possible about its own opinions and experiences (p. 29). The interviewer should actively listen to the interviewee and only react with comments or further questions if uncertainties evolve or important detailed descriptions are missing. The interview outline consisting of at most five prepared questions which will be used for all interviews to enhance the comparability of the different interviews (Miles, Huberman, & Saldaña, 2014, p. 39). In order to test the quality of the interview outline a Pre-Test interview will be conducted and recorded with a recording device, which will allow a verbatim transcription of the interview. If there appear misunderstandings or other uncertainties regarding the questions, adjustments can be done, before the rest of the interviews will be conducted.

3. 4. Quality Criteria

Qualitative research demands theoretical sophistication and methodological rigour. This chapter will show the procedures that were used to ensure that the chosen methods were reliable and the conclusion valid. In addition, this chapter will include the section language issues and the section limitations of the research.

3.4.1. Reliability

In the field of research, reliability is broadly described as the dependability, consistency and/or repeatability of a project's data collection analysis (Given, 2008, p. 754). In other words, "reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions" (Hammersley 1992, p. 67 as cited in Silvermann, 2013, p.). Manson (2002), defines reliability as the answers to the question of how accurate and precise the tools and instruments used for the research are, meaning, if consistent results can be achieved when the procedure is repeated. In order to maximize reliability, researchers should also try to be as transparent as possible by explaining each step of the research process (p. 188). For this study, where interviews are conducted to obtain data, the reliability can be improved through exercise a Pre-Test and verification of the instruments applied for the research. The researcher of this study used the same data collection and data analysis approach for all ten interviews. First of all, each interviewee was asked the same questions, except interviewee 1, who served as the Pre-test interviewee, after which some questions were adjusted or added. Second, during each interview the interviewer took notes of the most meaningful statements. In order to give the interviewee one's undivided attention, each interview was recorded. After the interview, the interviewer transcribed the records. For all transcripts the same transcription symbols were used which further enhanced reliability on the data. After all interviews have been transcribed, the interviewer, who is at the same time the researcher of this study, analyzed each interview carefully, in form of highlighting the most interesting statements. Since, the interviews were analyzed by a single person, there is only one perspective, which however decreases the reliability.

3.4.2. Validity

Davies (2007) explains validity as "the question of whether the end-results of your analysis are accurate representations of the psychosocial or textual reality that you claim them to be" (p. 243). According to Silvermann (2013), "'Validity' refers to the creditability of our interpretations" (p. 285). Which means that the researcher measures, observes, and identifies what he or she claims to see (Mason, 2002, p. 39). An approach to assure the validity is through building a sample which represent the people, you would like to generalize (External Validity, n.d). The sample of this study consists of ten family members of different Swiss family businesses. With a sample number of ten people, the sample is too small to make generalizations and it is not the aim of this study to generalize the findings, since this would require a quantitative research approach.

Since, each of the ten family members of family businesses fulfill the following criterions, which were already mentioned in the section strategic sample, assures, that they have or had an essential influence on their family business, which enhances the validity of the research. Additionally, most of these ten family members are the once of the family with the highest influence and power. Therefore, they should be able to reflect in which ways they and their family contribute to, as well as endanger, the long-term family business success. For this research, there were only open questions elaborated, in order to get clear and individual answers and brought the interviewee to talk as much about details as possible. The interview Pre-Test was useful to improve the questions and to build the questions in such a way, that as much information as possible could be obtained from the interviews. Moreover, the data analysis was conducted in an inductive approach. Meaning, firstly all interview transcripts were analyzed to find aspects and answers, which were mentioned most, and which seemed to be the most relevant based on the interviewees answer. Only for the most mentioned aspects, categories and themes were set, which enhances the validity of the data analysis.

3.4.3. Language Issues

Although the research is written in English, the interviews were conducted in Switzerland with Swiss family business entrepreneurs. In order to receive concise data and allow the interviewees as much freedom as possible to express their selves, the interviews were held in their mother tongue, Swiss German. However, the interview transcripts were written in German, as the Swiss German dialect does not allow an accurate transcript. Direct quotes of the interviews in the results section were translated into English. Since, the meaning of statements, can slightly change through the translation, the original German quote were directly placed next to the English translation in the results part.

3.4.4. Limitations of the research

Due to the fact that qualitative interviews are time consuming, the research is only based on a limited number of interviews. Therefore, it does not pledge to be from representative nature (Flick, 2014, p. 133). However, as Flick (2014) explains, this sampling approach might avail of the possibility to test "assumptions about common features and differences" of the sample (p. 170). This also confirms the aim of qualitative research which is to rather explore subjective patterns of personal as well as group or organizational experience than emerge with statistically representative findings of a given population (Davies, 2007, p. 148).

3.5. Data Analysis

The main aim of qualitative data analysis is to interpret and classify the collected data (Flick, 2014, p. 370). According to Rubin & Rubin (2005) there are different levels of analysis including the exploration of the explicit and implicit meaning creation of the obtained data. Further, the analysis consists of the classification, the comparison, the weighting and the combination of the collected data in order to extract the meaning and to make evidence based on interpretations (Charmaz as cited in Flick, 2006, p. 43). Since the purpose of the narrative approach is to generate new data from the field research, it would not make sense to apply a selection of predefined categories in the coding process (Flick, 2014, p. 378).

3.5.1. Development of themes

In the first phase, concepts, themes or situations the interviewee talked about in the interview will be identified (Rubin and Rubin, 2005, p. 201). A concept can be a mentioned word or term that is relevant to the research question. Moreover, it can be a situation, which would involve a specific example described by the interviewee (p. 207). This means that all statements of the interviewees, which are in a way relevant to the research question, will be marked with yellow color on the transcript in order to use it for further analysis and comparison. All interviews will be analyzed using the above-described approach. In a next step all yellow colored marked phrases of a single interviewee will be summarized and entered into a table. This table contains columns for the extract from the interview, the line numbers of the transcript, the keywords and the corresponding themes. The column "keyword" serves to detect the main information from the interview extract. The aim of this analysis phase is to find out which extracts talk about the same theme. These interview extracts, if looked at them together, represent data units that talk about one or more themes. Meaning, to associate all the mentioned situations, ideas, concepts to a theme, all data units need to be combined.

The following table serves as an example to illustrate in which form the themes development tables will occur.

1st Phase of Data Analysis – Development of Themes

Transcript:	Interviewee 1		
Extract from interview	**Lines**	**Keywords**	**Theme**
„Das Gen ist drin. Da ist einfach eine grössere Motivation da als bei Firmen, die einfach nur von Managern geführt werden. Und ich glaube, das ist auch die grösste Antriebsfeder oder das Risiko aber auch Chance".	36-39	Motivation, Gen, Chance, Risiko	Commitment

Table 1: Development of Themes

3.5.2. Development of categories

In a second phase all data units with the same theme will be put together into a new file, which will represent all interview extracts of a common theme from all different interviews. In order to retrace the interview extract, the number of the interview will be noted. After all corresponding themes are clustered into a table; different dimensions will be defined, which will increase the feasibility of the obtained results. Additionally, it simplifies the discussion of the different themes as it helps to put all themes into a broader context. The overview of the themes with the dimension developed is represented in Appendices F-G.

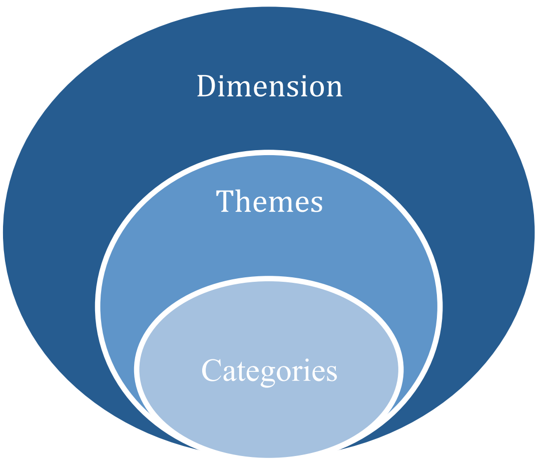

Figure 1: Clustering of Categories and Themes into a Dimension

The following tables illustrate each derived dimension with its themes as an example.

2nd & 3rd Phase of Data Analysis – Development of Categories and Dimensions

Dimension		**Family**		
Theme		**Characteristics**		
Categories		Modesty, Authenticity, Pride, Courage, Reliability, Pioneer, Role model function, Charisma		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Category**
I4	„Es braucht also eine gewisse Bescheidenheit oder respektive ein Verantwortungsgefühl auch wenn man selber drin tätig ist. „	1-43	Bescheidenheit, Verantwortungsgefühl	Modesty

Table 2: Dimension Family - Characteristics

Dimension		**Family**		
Theme		**Commitment**		
Categories		Passion, Motivation, Performance, Competence, Engagement, Identification, Responsibility, Financial Responsibility, Freedom of decision-making		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Category**
I10	„Ein anderes Thema ist natürlich auch das Commitment von den Familienmitgliedern. Du kannst nicht einfach die Firma verlassen, wenn es nicht gut läuft."	41-43	Einsatz, Engagement Commitment der Familie, Verantwortung	Respons-ibility

Table 3: Dimension Family – Commitment

Dimension		**Family**		
Theme		**Harmony**		
Categories		Identity of interests, Open communication, Peace, Fairness, Emotions, Conflicts, Solidarity		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Category**
I10	„Dann ein anderes Thema ist der Familienfrieden. Der Familienfrieden ist ein hohes Gut. Wenn die Familie miteinander beginnt zu streiten und du keine Vernünftige Entscheidung mehr fällen kannst nur des Streites wegen, dann du die Familie nicht einfach wegmachen. Familie ist Familie. Aber Familienfriede ist	85-90	Familienfrieden, Streit, vernünftige Entscheidungen, Streit zu Lasten des Unternehmens	Peace

	ein hohes Gut. Da gibt es unglaublich zerstrittene Familien und das ist totsicher zu Lasten des Unternehmens.“			

Table 4: Dimension Family – Harmony

Dimension		**Business**		
Theme		**Governance Structure**		
Identified Concepts, Situations, Ideas		Qualifications of family members, Number of family members, Structure of succession, Leadership, Self-reflection, External managers and directors		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Dimension**
I6	„Also da muss man ganz klar sagen, wir wollen den Besten im Unternehmen ob der extern oder intern ist, ist sekundär.“	297-299	Die Besten im Unternehmen	External management and directors

Table 5: Dimension Business – Governance Structure

Dimension		**Business**		
Theme		**Relationships**		
Categories		Soft skills, Customer satisfaction, Proximity to customers, Employee satisfaction, Proximity to employees		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Dimension**
I8	„Auch dass man an der Front ist. Nähe zu den Mitarbeitern.“	113	An der Front sein, Nähe zu den Mitarbeitern	Proximity to employees

Table 6: Dimension Business – Relationships

Dimension		**Business**		
Theme		**Sustainability**		
Categories		Innovation, Long-term view, Values,		
Interviewee	**Extract from interview**	**Lines**	**Keywords**	**Dimension**
I7	„Kontinuität ist bestimmt eines unserer Assets.“	51	Kontinuität	Long-term view

Table 7: Dimension Business - Sustainability

4. Results

4.1. Empirical Sample

This chapter provides research question related information about the interviewed family businesses. All information was derived from written information that have been provided by the interviewees in form of company biographies, handouts, catalogues, company newsletters and website articles.

Interviewee 1	
Generations in family:	**4. Generation**
Founded:	**Before 1900**
Employees:	**> 1'000**
The Family Business Profile: The machine production company was founded before 1900 and is owned and led by the fourth generation. With passion, precision and discipline top machines and accessories are designed and produced. The family company guarantees high quality so that the customers' creations will be implemented with the best technology. **Family Influence:** The equity capital is fully controlled by the owning family. Currently, father and son are working in the company. The father perceives his role as chairman of the board of directors and was CEO of the company for many years. Beside the chairman the board of directors consists of three non-family members – the head of finance, the head of technology and the head of marketing. **Family Tradition:** Today, the company is led by the fourth generation and engages an external CEO. The fifth generation is already represented by the son who works abroad in one of their company branches. **Family structure:** Since, there are two generations actively working in the company the business can be defined as a narrow family business. **Family philosophy:** The company clearly pursues a "business first" philosophy.	

Table 8: Introduction Interviewee 1

Interviewee 2 /3	
Generations in family:	**3. Generation**
Founded:	**Before 1920**
Employees:	**> 250**

The Family Business Profile: The service company founded before 1920 has been and still is successful for three generations due to consistent leadership, strong relationship with clients and the highly professional approach of employees, providing outstanding services in an open and transparent corporate culture. In addition, the company owners recognized at an early stage that it would be fruitful to form a connection with a globally leading company while retaining the family's independence and the advantages associated. Furthermore, the company achieved to highly emphasizes identification, professionalism, fairness, trust, eutrality, transparency, sustainability and reputation over each generation.

Family Influence: Today, the equity capital is controlled to 75% by the two brothers of the third generation and to 25% by a global leading company. The board of directors consists of two family members of the third generation and two external board members. One of the two brothers is the chairman of the board of directors. In the board of executives three family members are represented. One of the third generation and the two cousins of the fourth generation.

Family Tradition: Two family members of the third and two of the fourth generation lead the company.

Family structure: Since, four family members are actively working in the company the business can be defined as a narrow family business.

Family philosophy: The company clearly pursues a "business first" philosophy.

Table 9: Introduction Interviewee 2 / 3

Interviewee 4	
Generations in family:	**9. Generation**
Founded:	**Before 1770**
Employees:	**> 250**
The Family Business Profile: The leading solutions provider and trading partner with a comprehensive range of quality products is today active over 200 years. The company led by the ninth generation providing prefabrication, consulting and other services guarantees its customers and business partners reliability, innovation and high quality at a fair price. Therefore, the company commits itself as a healthy, trustworthy Swiss family business. **Family Influence:** The owning family controls the equity capital to 100%. The family member of the ninth generation – is leading the company today as CEO. His father from the eighth generation took a step back from the operating business but still keeps his position as the chairman of the board of directors. **Family Tradition:** Today, the company is led by the one single member of the ninth generation and by the chairman of the board of directors from the eighth generation. **Family structure:** Since, there are two family members involved in decision making processes and one is working operative every day in the company the business can be defined as a narrow family business. **Family philosophy:** The company clearly pursues a "business first" philosophy.	

Table 10: Introduction Interviewee 4

Interviewee 5	
Generations in family:	**4. Generation**
Founded:	**Before 1890**
Employees:	**> 50**
The Family Business Profile: The company serves as an added-value partner for top-quality components. Their customers benefit from a comprehensive service from solution development through raw materials management to ready-to-install components delivered on schedule. As a family business the company policy is dedicated to long-term relationships based on sustainability. Many of their customers have worked with them for years and value collaboration based on trust and expertise. **Family Influence:** The equity capital is fully controlled by family members from the fourth and fifth generation. The board of directors consists of four family members from two generations and two non-family member. One family member and eleven non-family members hold the management board seats of the company. **Family Tradition:** The company is led by the fourth generation in the role of the chairman of the board of directors and the CEO from the fourth generation. **Family structure:** Since, there are family members involved in the board of directors and the management board the company can be defined as a narrow family business. **Family philosophy:** The company clearly pursues a "business first" philosophy.	

Table 11: Introduction Interviewee 5

Interviewee 6	
Generations in family:	**3. Generation**
Founded:	**Before 1915**
Employees:	**> 250**

The Family Business Profile: The consumer goods company was founded before 1915 and is owned and led by the third generation. Each generation - each strong pioneer created and lived a corporate culture - shaped by people for people. They all inspired the company, its employees and its customers by focusing on their typical Swiss values such as quality without compromise, authenticity, credibility, respect for nature and sustainability. Through permanent renewing and developing its processing technology the company gained advantage through technology over its competitors. Soon, the company also recognized the tremendous potential of the international market.

Family Influence: The equity capital is fully controlled by the entrepreneur and his wife. Both work full-time in their functions as chairman and vice-chairman of the board of directors. Beside the entrepreneur and his wife the board of directors consists of four non-family, non-executive directors. In addition, the management board consists of six non-family members – all specialist in their field.

Family Tradition: Today, the company is led and owned by the third generation – the grandson of the founder and his wife.

Family structure: Since, both owners are actively working in the company the business can be defined as a narrow family business.

Family philosophy: The company clearly pursues a “business first” philosophy.

Table 12: Introduction Interviewee 6

Interviewee 7	
Generations in family:	**3. Generation**
Founded:	**Before 1920**
Employees:	**> 150**

The Family Business Profile: The company provides services to products for the architectural, engineering and horticulture. As a family company, they value durable and innovative products, which are distinguished by function and aesthetics. They are convinced that their products and work is to make sense in the long term and brings value to their customers and employees. They are guided by their values in everything they do and act accordingly.

Family Influence: The equity capital is to 100% family ownership. The board of directors consists of two family members and one non-family member. One of the two sisters also acts in the role of the chairman. In the management board there is only one family member represented – namely the CEO and Chairman. Three non-family members including the head of finance, the head of production and the head of marketing and sales hold the remaining board seats.

Family Tradition: The company is led by the Chairman and CEO, a family member of the third generation.

Family structure: Since, one family member is actively working in the company and a second holds a seat in the board of directors the company can be defined as a narrow family business.

Family philosophy: The company clearly pursues a "business first" philosophy.

Table 13: Introduction Interviewee 7

Interviewee 8	
Generations in family:	**3. Generation**
Founded:	**Before 1920**
Employees:	**> 1'000**

The Family Business Profile: The transport and logistics company is constantly building and developing its company together with its employees. Over the last decades the company has turned from a small Swiss family company to an international logistics company. Despite its growth and increasing internationalization it still sticks today to three important principles: As a 100% family owned company its financial independence allows it to act regardless of term aims and to invest in the future of the company. Furthermore, the company states "We don't think in terms of quarters but in terms of generations". Order and cleanliness leads to a structured management and creates trust and safeness. Investments in the care and maintenance of infrastructures and fleet are worthwhile and are the basis of an important and real goods longevity.

Family Influence: The equity capital is fully controlled by three members of the third generation and one member of the second generation. The board of directors consists of four family members and two non-family member. In the management board there are only family member represented also from the second and third generation.

Family Tradition: Currently, the company is led by the three siblings from the third generation.

Family philosophy: The company clearly pursues a "business first" philosophy.

Table 14: Introduction Interviewee 8

Interviewee 9	
Generations in family:	**4. Generation**
Founded:	**Before 1890**
Employees:	**> 1'000**
The Family Business Profile: During the last decades the once small Swiss company providing consumer goods has grown to an international player in its field. Each generation has built up its know-how from the previous generation, accompanied by business sense and creativity. The company's success is mainly attributed to their corporate culture, the company spirit, innovation and technology, good leadership, together with a courageous policy of investment. **Family Influence:** The company follows a participative management model. The owing family controls 70% and the employees 30% of the equity. Hence, the board of directors consists of two family members, one non-family member and three employees. One of the two brothers from the fourth generation is acting in the role of the chairman of the board of directors. **Family Tradition:** The company is led by the two family members of the fourth generation. Each of them responsible for its own area of responsibility. **Family structure:** Since, the two brothers from the fourth generation are both daily actively working in the company and both also hold a seat in the board of directors the company can be defined as a narrow family business. **Family philosophy:** The company clearly pursues a "business first" philosophy.	

Table 15: Introduction Interviewee 9

Interviewee 10	
Generations in family:	**7. Generation**
Founded:	**Before 1840**
Employees:	**> 1'000**
The Family Business Profile: For more than 170 years the fastening technology provider has been successful due to drive for excellence and innovation and had become a leading global player in its field. The company stands for increased productivity, competitiveness, safety and innovation. They are constantly expanding their product and service portfolio according to their customers' needs in a dynamic market environment. Their values – customer focus, quality oriented, winning team value driven and entrepreneurship – shape their daily thinking and actions which results in a sustainable corporate culture that is practiced by all employees. **Family Influence:** For many years the company has been 100% family owned until they got global and went public. Today, its shares are traded on the SIX, Swiss Stock Exchange. The board of directors consists of two family members including the Chairman. The remaining seats are held by five non-family members. The Executive Committee is represented by two family members, both CEO's of different markets and five non-family members. **Family Tradition:** Currently, there is only one generation working in the company. **Family structure:** Since, many family members are actively involved in the company the company could be described as narrow **Family philosophy:** The company clearly pursues a "business first" philosophy especially, due to their decision going public in favor of the development potential of the company.	

Table 16: Introduction Interviewee 10

4.2. Comparative Analysis of the Interviews

In this part of the results, the themes with their categories detected in the data analysis are elaborated on. All implicit meaning of the concepts, ideas and situations are pulled together into the two dimensions family and business in order to investigate the different interview statements (Rubin & Rubin, 2005, p. 223). Each of the two dimensions consists of three themes. At all family businesses participating at this study, the familyness was clearly visible and noticeable. It has shown that this unique, inseparable and synergistic resources and capabilities from the family involvement and interactions, can be advantageous but also disadvantageous for the family business longevity. In certain points, all participants shared the same opinion. All of them strive for a long-term perspective, already thinking for the next generation's integration to the family business.

Family. The key factors for their long-term business perspective and success are in the dimension family, the incomparable characteristics of the family itself, which involves all important values which in most families are transferred from one generation to the other. Beside their special characteristics and values, also the family's outstanding commitment contributes to their success. However, the secret of all family business regarding family involvement lies in the harmony of the family.

Business. At the business dimension, good governance structure, including clear rules and structures regarding the family members involvement and leadership as well as enough external influence, by external directors and managers is highly recommended by all of the interviewees. Furthermore, family businesses long-term business success is also based on relationships with different stakeholders. All interviewees mentioned that a good relationship with their most important stakeholders - the employees and customers - is one of their core concepts. Beside, stable, long-term relationships and consistency, the factor innovation and openness for change play an important role to maintain the business' sustainability.

The next few sections of this chapter will point out the above-mentioned summarized results in more detail by showing some original statements from the different interviewees.

4.2.1 Family

The first dimension addresses the owning family itself. The dimension family consists of the three themes characteristics, commitment and harmony. The first theme, characteristics, reveals typical characteristics of the family members and explains in what way it contributes to or risks the family business performance and continuity. The second theme, commitment, points out the relevance of the family's commitment to the business in its different forms. The last theme highlights the importance of harmony within the family and how it can affect the business performance.

Figure 2: Dimension Family

4.2.1.1. characteristics

When the interviewees were asked to mention, family attributes, which contribute to their family business success, half of them mentioned modesty. Family members need to have the skill to place the businesses aim in front of their self-interest, which is the highest but also the most pretentious skill (I6). This modesty is one of the reasons why there exist so many family businesses in Switzerland (I1). A further characteristics, is authenticity. It starts at the very beginning when a family member joins the family business. It is important to achieve employees' authenticity. If a young family member behaves badly, only because he or she thinks has the right to be in the family business because she or he belongs to the family does not help the person achieving the authenticity of the employees (I3). I10 says that:

> If you walk through the company as a family member you need to be authentic. People need to be able to rely on you. You should have certain reliability. So, what often helps me is common sense [Wenn du als Familienmitglied durch das Haus läufst, musst du auch authentisch sein. Die Leute müssen sich auf dich verlassen können. Du solltest irgendwo eine gewisse Beständigkeit haben. Also was mir hilft, ist gesunder Menschenverstand]. (2016, l. 226-229).

Customers and employees reliability can be best achieved by being professional in its business (I2). Entrepreneurs create entire value chains and this under one's own stream, which takes a lot of courage (I6). This courage has to be learnt. I7 states:

> Today, I am the product of my parents who raised me, not constantly doubting yourself but to use the opportunity if you can, and to see what comes out [Ich bin heute das Produkt meiner Eltern, die mich erzogen haben, nicht dauernd an sich zu zweifeln sondern, dass man die Gelegenheit nutzt und wenn man kann, es macht und schaut was dabei herauskommt]. (2016, l. 581-583)

If an entrepreneur is not willing to act for the benefit of all stakeholders it can endanger the company (I6). Therefore, again quality and reliability is extremely important (I7). Reliability is also linked to trust. I7's opinion is:

> I believe that family businesses can better develop that relationship of trust than anonymous. But, you also have to invest a lot in your environment in order to maintain this trust [Ich glaube, dass Familienunternehmen dieses Vertrauensverhältnis besser entwickeln können als Anonyme. Da muss man sehr viel in alles rundherum investieren um dieses Vertrauen aufrecht zu erhalten]. (2016, l. 45-48)

Family members also mentioned pride, which is something that contributes to the family business success. I3 for example mentioned:

> But, I must say, that it is also a pride, to join a long-established company, which shares your family name. Especially, when you can assume its tradition and continue it in the future [Aber ich muss schon sagen, das ist schon auch ein Stolz, in ein Traditionsunternehmen hineinzukommen, wo man auch den Namen trägt. Wenn man dann diese Tradition übernehmen kann und auch in die Zukunft führen kann] (2016, l. 231-233).

Also I4 says that its children have a positive connection to the business. They carry the company's name, which has a certain recognition and reputation. So, the family can be proud of their family business and their connection to it. The family has an essential contribution at the foundation of the company, the continuation of the company and the generational change. At the foundation it is the pioneering spirit, the business model, the business idea and especially the vision. This pioneering spirit or entrepreneurship is an essential feature of family business founders (I6, I9). Linked to this pioneering spirit is this flair for customers' needs at the right time, which is something that pulled through each generation of I7's family. Also I4 mentions this pioneering spirit but also the know-how of their own business. Each generation had this flair of trading by finding new solutions for customers and negotiates adequate prices. This mentality is deeply anchored in their family and leads amongst other things to their business success.

Two interviewees (I10, I9) mentioned that it is only possible to be successful with a team in the long-term if oneself takes on the function of a role model, since it does not work out if something is said or recommended to the employees and oneself makes the opposite of it (I9). So, it is important that the family members live the specified values in order to motivate the employees to live the same values (I10). However, there are different opinions about it. I7 clearly states that:

> At certain stages of life I can probably be an opportunity for these people because they might just have a decision in front of them and I discuss

something with them, which might help them finding the way for themselves. But I cannot and also do not want to be a role model for them. I have to be honest. This is the only thing I am against - being a role model for the people. I find it too stressful and overwhelming, that I do not intend to do it [Ich kann vielleicht in gewissen Lebensphasen für diese Menschen eine Chance sein. Weil sie vielleicht gerade an einer Weiche stehen und ich mit ihnen etwas bespreche, das ihnen gerade hilft für sich den Weg zu finden. Aber Vorbild kann ich für sie nicht sein und will es auch nicht sein. Muss ich ehrlich sein. Das ist das einzige gegen das ich mich weigere für die Leute ein Vorbild zu sein. Das finde ich derartig anstrengend und überfordernd, dass ich das nicht vorhabe zu machen] (2016, l. 269-274).

I5 summaries the most important characteristics mentioned by saying that family business owner need values, such as leading the business professional, being diligence, being modest, being loyal and being open to all stakeholders. To complete the list of characteristics mentioned by the interviewees, I10 is of the opinion that it also needs respect and esteem and that it is of advantage if one's has a certain charisma and courage.

4.2.1.2 commitment

All ten interviewees mentioned family commitment as a criterion for being successful as a family business over generations. The family members commitment was mentioned in form of passion, motivation, performance, competence, identification, freedom of decision-making and responsibility. Family businesses differ to non-family due to the high commitment of the family. Due to the identification with the family business, family members are highly emotionally tied with the company, which is hardly reachable in non-family companies (I2). They put their heart and soul in the family business (I1, I5, I7). "The passion is much higher if one is the owner of the business" […die Leidenschaft ist viel grösser wenn man selbst Besitzer eines Unternehmens ist] (2016, I1, l. 36). A family business' owner entire vitality flows in the idea of its business idea and loves his goal and if someone does something with love, he usually does it well (I6). I7 disclosed: "I think this is something, each generation had, being with "lifeblood" involved" [Ich glaube das war immer das, was jede Generation hatte mit Vollblut dabei zu sein] (2016, l. 176-177). It also shows, that "the commitment is much higher than in a normal salaried relationship [Da ist das commitment einfach grösser als bei einem Angestelltenverhältnis] (I10, 2016, l. 47-48).

It is the family business' aim to create work and to convey joy of work, since with joy more can be performed, which leads to more success (I9). One can involve young family members in order to show them how the business is working. However, at the end it is important that the young person joins the business of its own accord, in order to do a good job (I5). In order to keep stability in the business, it is important that family members are aware of the principle:

> What can I do for the business and not vice versa, - central value, which should also be transferred to the next generation [was kann ich der Unternehmung gut tun und nicht anders. Das ist ein ganz zentraler Wert, wo man auch den Jungen weitergibt]. (I10, 2016, l. 56-58)

The claim for performance is definitely something, which is always present in business.

> However, sometimes especially if the family business is working together with other Swiss family companies, it can be advantageous being a long-established Swiss company and known for good service if you are in competition with international companies [Aber wenn man jetzt gerade mit anderen Familienfirmen aus der Schweiz in Kontakt ist, dann hat es schon einen gewissen Vorteil, wenn man ein Schweizer Traditionsunternehmen ist und immer guten Service leistet, gegenüber einem ausländisch oder ausländisch beherrschten Unternehmen]. (I2, 2016, l. 71-74)

In addition to this, I2 disclosed:

> I would say that higher the customer segment, the higher the performance and continuity is measured and less the fact that the business, is in family hands [Ich würde sagen, desto höher das

> Kundensegment, desto mehr wird die Leistung, Kontinuität und die Performance gemessen und weniger, ob es eine Familienfirma ist oder nicht]. (2016, l. 53-57)

In order to avoid conflicts it is important that those who actually commit themselves to the company also own the company (I2). Directly linked to the performance is the competence of the involved family members. Here, it is crucial that family members show their presence, show their professional knowledge and make sure that the customers are satisfied (I2).

Responsibility was mentioned by each of the ten interviewees more than once. It is important that family members are committed and fully stand behind the actions they take. Furthermore, family members need to take responsibility to make the right decisions and need to stand in front of the people and argue their decisions (I4). According to I6, the difference between family businesses and non-family businesses lies in the responsibility.

> The word responsibility contains respond. What you read about responsibility today is most often just blah blah. A manager, who responds a failed development, leaves the company and usually even gets a golden parachute. This has nothing to do with responsibility. The opposite, this is irresponsibility" [Das Wort Verantwortung, wenn man gut hört beinhaltet es Antwort. Was man heute über Verantwortung liest, ist meistens blabla. Ein Manager, der eine Fehlentwicklung zu verantworten hat, nimmt den Hut und hat in der Regel noch einen golden parachute. Das hat gar nichts mit Verantwortung zu tun. Umgekehrt das ist Verantwortungslosigkeit]. (I6, 2016, l. 481-486)

The family members have a high responsibility to their business and cannot just leave if the business is not doing well (I10). The family business is the guarantor, that one does not just leave the company, when one knows that there will be no return on capital. I7 says that:

> One will always try to overcome and to find new solutions and not just say that the industry one is in is death. But rather, we are the industry and we make the industry. This, is a fundamental difference to a pure rational and economical investor approach [Man wird immer wieder

> probieren dies zu überwinden und neue Lösungen zu finden und nicht einfach zu sagen die Branche ist jetzt tot, sondern wir sind die Branche wir machen sie. Das ist ein fundamental grosser Unterschied zu rein rationalen betriebswirtschaftlichen Investorenüberlegungen]. (2016, l. 85-90)

This leads to the aspect of financial responsibility and commitment of the family. In family businesses there is usually just one or few people, who provide their lifetime and their entire capital and usually do not work with external investors. This needs high discipline not to grow or risk more than can be covered by own capital. This differs strongly to other corporations (I6). According to this, I4 revealed that:

> …financial interest of the family came always after everything else. So, one has set back its claims in the interest of the business (…) of course one had to talk about it, and had to explain it. It was not so obvious. But one has always seen, that if one acts in the interest of the company, it progresses. Also, that one cannot just misuse the company, by just taking out of it what one wants [...also finanzielle Interessen haben eigentlich unsere Familien hinten angestellt. Also man hat seine Ansprüche zurückgestellt im Interesse des Unternehmens (...) aber natürlich musste man darüber reden und es erklären und eine Berechnung vorlegen. So selbstverständlich ist es natürlich nicht. Aber man hat immer gesehen, wie wichtig es ist, dass man schaut, dass die Firma weiterkommt und dass man sie nicht einfach missbrauchen darf und rausnimmt, was man will]. (2016, l. 412-417)

Family members need to be ready to reinvest whenever possible to ensure that the company does well (I1). In crisis, this can even mean that the family has to invest extra money or acts very cautiously with withdrawals (I4). I6 even states:

> During the currency crisis in 1996, I have put the last centime in the company in order to invest and defy against this currency crisis. Every centime. I earned less than any secretary and my capital was zero" [In der Währungskrise 1996 habe ich den letzten Rappen in die

> Unternehmung gesteckt um zu investieren und dieser Währungskrise zu trotzen. Jeden Rappen. Ich habe weniger verdient als jede Sekretärin und mein Vermögen war null] (2016, l. 476-470).

This shows, that entrepreneurship is closely linked to financial risk. Situations, where extra private money has to be put into the company, are good occasions to see who is really committed to the business and who is not. This then often results, that some of the family members leave the business and dedicate the company to other family members who are willing to take the financial risk in favor of the continuation of their business (I7). The financial limitations of the family can absolutely be a risk, family businesses face (I10). Often, in family business it is not only about investing money into to the company but also about withdrawing money out of the company. If the family withdraws too much money out of the company, it weakens the company and hinders the company development (I4). In family businesses, money is not only used for daily transactions but also in the succession process where the money is used to disburse family members who are leaving the family business, by selling their shares to remaining family members. If this money is missing, it can weaken the business quite hard (I4).

> Responsibility is giving response for everything one thinks, says and does with one's entire name, entire capital and entire power. This is responsibility" [Verantwortung ist Antwort geben für alles, was man denkt, sagt und macht mit seinem ganzen Namen, seinem ganzen Vermögen und seiner ganzen Kraft. Das ist Verantwortung] (I6, 2016, l. 486-488).

A further aspect, which belongs to commitment, is the freedom-of decision making. "Freedom can only be achieved if I take over responsibility and responsibility means, I am always there when I am needed" [Frei sein, kann ich nur wenn ich Verantwortung übernehme und Verantwortung heisst, ich bin einfach da wenn es mich braucht] (I7, 2016, l. 204-205). If people do something against their own will or something they are not made for, it is first not good for themselves but also not good for the company's well-being (I9).

4.2.1.3. harmony

Harmony in family businesses is something very highly valued by all of the interviewees. Peace and identity of interest are two of the most mentioned criterions for harmony in family businesses. Hence, conflicts in family businesses are one of the most dangerous risks for family businesses to fail (I1, I2, I4, I5, I8, I10). I1 revealed: "…if the family is disputed, the business suffers automatically" [wenn die Familie verkracht ist, dann leidet das Business automatisch darunter] (2016, l. 241-242).

In order to omit conflicts, first of all it is highly relevant that the moral values of the family are compatible with the one's of the company. If not it can get quite difficult (I5). Therefore, it needs clear goals and values, which have to be lived and embodied in every word and every decision. The same values have to be expressed (I6). I6 further disclosed:

> And if I say clear goals and value, then I mean one goal, one value and not several. With this I say clearly, that it is essential, that the family talks with one voice. If else there exists already a variety of goals and interests and varieties lead to conflicts. [Und wenn ich sage, klare Ziele und klare Werte. Dann meine ich ein Ziel, eine Wertegruppe und ein Wert und nicht mehrere. Damit sage ich ganz klar, dass es ganz wesentlich ist, dass die Familie mit einer Stimme spricht. Weil sonst hat man schon eine Zielvielfalt, eine Interessensvielfalt und aus einer Vielfalt werden Konflikte geboren]. (2016, l. 44-48)

The absence of the unity and peace in family business is one of the greatest risks for family businesses continuity. I9 says:

> We have often different opinions but we have a culture, where we respect and discuss other opinions. One knows each other well and can trust each other blindly. This is worth a lot [Wir haben eine Kultur, wo wir andere Meinungen respektieren und diskutieren können. Man kennt sich gut und man kann sich blind vertrauen. Das ist natürlich viel wert] (2016, l. 80-84).

The risk of the fragmentation of interests increases by the number of family members involved, which is one of the most difficult issues family business have to cope with. Than, the higher the number of people involved over generations increases, the more complex it gets and the more diverse the visions and values are (I5, I6). The risk additionally increases if some family members are involved in the business activity and some not. In such cases it often happens that the especially the financial interests diverge. Some want to invest in the future of the company and some want to receive as much dividends possible (I2, I5, I10). Some interviewees mentioned that they solve the problem of fragmentation by reducing the number of family members involved in the company. I6 says:

> ….I saw many businesses, which failed at their generational transition and this hurts. Often, the problem was not due to lack of competence. They mostly failed due to a lack of unity and peace [...habe ich viele Unternehmen erlebt, die am Generationenwechsel gescheitert sind. Und das tut weh. Das wäre alles nicht nötig. Es ist oft nicht an den Fähigkeiten gelegen. Es hat meistens an der Einheit, Gleichsicht, am Friedensfindungsprozess gescheitert] (2016, l. 58-61).

Therefore, it is important that the close collaboration of different family members is based on an objective level (I8).

Open communication in family collaboration is always key. Seeking for an open and direct word can prevent many conflicts (I1, I2, I4, I5, I9, I10). I10 mentioned:

> Things should be early discussed as long as everyone can discuss in peace and to decide in a moment when everyone sees the decision as right and fair [Sachen frühzeitig diskutieren solang alle im Frieden miteinander diskutieren können und in einem Moment Dinge entscheiden, wo alle es als richtig und fair erachten] (2016, l. 470-472).

If it still comes to a conflict in the family it is should under no circumstances be carried to the business (I6).

> Therefore, family days and family councils are something very meaningful, since it gives the opportunity to exchange, communicate and handle emotions before the entire thing implodes [Darum sind Familientage oder Familienräte etwas Sinnvolles, weil man sich da

austauschen kann und Emotionen behandeln kann, bevor das Ganze implodiert] (2016, l. 201-203).

In particular, in family businesses, emotions and fairness contribute a lot to the family business' harmony. It is important for family members to separate business and family. This may sound easy to do but it is certainly not due to people's emotions (I1). It is important to act fairly in life. "It is never possible to please everyone but one should try to be fair" [Man kann es nie allen Recht machen aber man muss probieren fair zu sein] (I1, 2016, l. 357-358). Fairness includes also inequality of power, control and leveling of the control mechanisms. A phenomenon that is mostly observable between siblings is important in order not to getting biased between children (I10). I5 summarized it nicely when he said: "Based on my personal experience I came to the finding, that transparency, fairness and openness are very important" [Ich bin aufgrund meiner persönlichen Erfahrungen zur Erkenntnis gelangt, dass Transparenz, Fairness und Offenheit sehr wichtig sind] (2016, l. 289-290).

According to I7, "A family business is also always a solidarity construct and a good family business can carry such family solidarity" [Ein Familienunternehmen ist immer auch ein Solidaritätskonstrukt. Und ein gutes Familienunternehmen kann solche Familiensolidaritäten auch tragen] (2016, l.112-114). Further, it was derived from the interviews that a family business entrepreneur only does well if also his or her environment does well. The relationship to the family is something that has to be maintained (I7, I9). To conclude, it helps the family and the business if there exists a good relationship among the family members and if the number of family members involved in the company is manageable (I3).

4.2.2. Business

The second dimension addresses the family business itself. The dimension business involves the three themes governance structure, relationships and sustainability. The first theme, governance structure, reveals the management of family member involvement. Beside, the number of family members, their qualifications and interests are discussed. Within the theme relationship, the importance of family members relationship to their stakeholders are demonstrated. The third dimension sustainability discusses the family business strategy and way of thinking and what they do in order to pursue their long-term perspective.

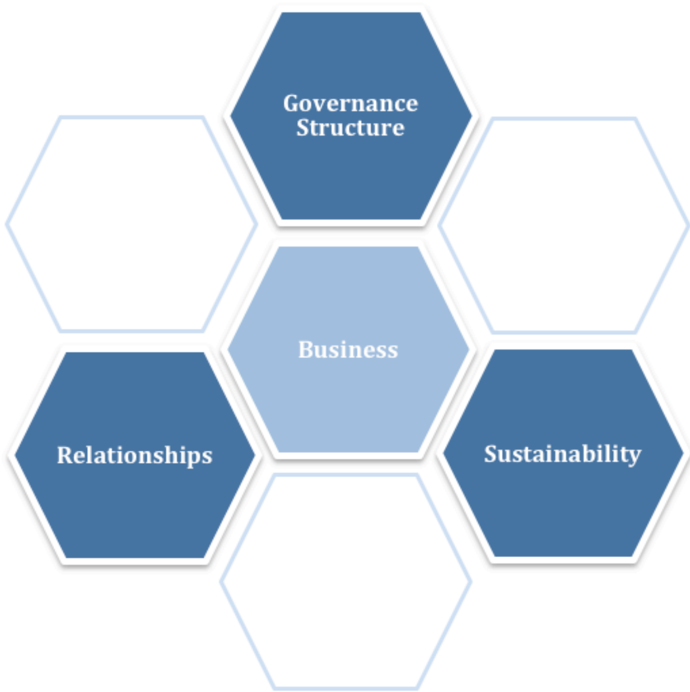

Figure 3: Dimension Business

4.2.2.1. governance structure

One main feature of family businesses is the involvement of one or many families. This feature can evolve to a risk and administrative burden if too many people of the owning family or even owning families have an influence or impact on the family business (I1, I2, I4, I6, I8). The importance of having only a limited number of family members involved in the business can be taken out of the statement of I1:

> And I always say, that it is the A and O to have as less different families involved in the company as possible. Than, I always say too many people make the coordination hassle just too big [Und darum sage ich immer wieder so wenig verschiedene Stämme, wie möglich im Unternehmen drin zu haben ist das A und O. Denn ich sage immer zu viele Leute machen den Koordinationsaufwand einfach zu gross] (2016, l. 53-55).

With each generation, the number of family members increases and with it the complexity of the family business. "This is the biggest challenge of a family business, which is connected to ownership" [Das ist die grösste Challenge einer Familienfirma, welche im Eigentum weitergefächert ist] (I2, 2016, l. 11-118). To exercise choice over ownership and management are always delicate and difficult issue in family businesses (I2). A high number of family members can consequently exacerbate the procedure of the succession (I8). Therefore, it is clear that the bigger the family involvement, the more structure is needed (I8). Than, like already mentioned in the theme of harmony within the dimension of family, the more complex the family circumstances are, the more diverse the interest get and thus, the more rules are needed (I6). In order to successfully transfer the business to the next generation not only rules and good structure are needed but also enough time. The factor time plays an important role in the succession process. A succession has to be planned years before it actually comes to the succession, which is very essential to facilitate the procedure for all parties involved (I2, I5, I7, I9, I10). A further factor for a successful succession is the distribution of ownership. Ownership should favorable be in the hands of people who have an active role in the business. On that point, I4 states:

> We were always able to see that only family members, who were part of the management got owners of the company. The others, were paid off, and this always in a way that it was financially bearable for the company [Wir konnten immer schauen, dass nur die Familienmitglieder, die in die Geschäftsleitung gingen, die sich auch am Kapital beteiligt haben und die anderen wurden alle ausbezahlt. Und zwar immer so, dass es für die Unternehmung erträglich war finanziell] (2016, l. 384-387).

This was also a clear aim of I2, that those who work at the company also own the company. If there is now more than one family member in the company involved it is important that the tasks and responsibility are clearly divided (I3, I4). Only one interviewee talked about the risk that if a company is highly dependent on one small family, the loss of a family member can evolve to a high risk for the family business (I8). A further challenge family business face due to the involvement of the family is the objective assessment of family members qualifications. It can appear that "all want but maybe they are not all qualified enough" [Alle wollen aber vielleicht sind gar nicht alle fähig] (I1, 2016, l. 83). Finding the right successor is one of the main risks of family businesses. The decision about who gets which role in the company can leads to conflicts within the family and the business (I1, I4). In order to evaluate young people's qualifications, in this case its own children's qualifications, it is recommended to let them make a good education and a job outside the own family business (I3). When the day comes, they join the business, it is important to give them an own area of responsibility be it a task, a department or even a subsidiary (I1). According to I1 it is important to young people to have their own area of responsibility, in order to be evaluated but also for themselves and their family. "If one has more experience, one is also more credible when joining the company" [Wenn man mehr Erfahrung hat, ist man glaubwürdiger, wenn man ins Unternehmen kommt] (I2, 2016, l. 439-440). A case of I4 shows, that it can thoroughly come to conflicts, when it comes to the question, who of the family is accepted to join the company and who is not.

> There was once a personnel problem. There was someone of the other owing family who wanted to join the executive management. However, both my partner and I were of the opinion that he was not qualified enough. It would have created only problems. This is why we both said no to it. For the person concerned it was very hard to digest this decision. He needed a longer period of time to accept it [Es gab einmal ein personelles Problem. Da wollte jemand der anderen Familie in die Geschäftsleitung kommen. Und aber mein Partner und ich fanden beide, dass er zu wenig qualifiziert war. Das hätte nur Probleme gegeben, deshalb haben wir uns damals für ein Nein entschieden. Das war für den

> Betroffenen sehr schwierig zu verdauen. Er brauchte längere Zeit um es zu akzeptieren] (2016, l. 417-422).

Professionalism in the selection of the people leading the company is essential, than if this is not the case it automatically evolves to a risk for the company (I5). Because, if family members want to join the business they should be aware of the business first attitude (I10). “So, nobody of the family can occupy a position, if it is over his head” [Also kann niemand von der Familie einen Posten einnehmen, wenn er diesem Posten eigentlich nicht gewachsen ist] (I10, 2016, l. 32-34). For I5 professionalism is the essence of the company management. In order to reach this professionalism he abolished family privileges. In his eyes professionalism is the most important in order to be successful in the long run. Therefore, the management must be professionally organized. Meaning it needs a good CEO. In I7’s family business only the ones that had this entrepreneurial skill were leading the company and the ones who did not bring along these skills or simple were not interested enough backtracked.

Through the commitment of the family it can happen, that the owner reaches a deadlock, which is not sustainable [Durch das Engagement der Familie kann einerseits passieren, dass der Eigentümer sich in seiner eigenen unternehmerischen Zielsetzung verrennt, was nicht nachhaltig ist] (I6, 2016, l. 151-153). A good way to prevent this problem is to seek for a balance, which can be obtained by having external directors. I1 says:

> It always needs other views and opinions. In my board of directors I have three externals and me alone as internal [Es braucht immer andere Ansichten und Meinungen. In meinem VR habe ich drei externe und ich bin alleine intern] (I1, 2016, l. 194-195).

The quintessence of external directors is the self-reflection of the entrepreneur. He loses the delusion of being the best or the only one (I6). Beside I1 and I6 also I5 and I8 mentioned the importance of external directors in the board of directors. Beside, their objective opinions and views the interviewees highly appreciate their expertise in the different fields. Furthermore, I4 comments:

> So, managers as well as employees are as important for the success as family members who lead the company. But it is about offering them an interesting work environment and for this the family members are of course responsible. And if they give these people enough freedom, really delegating them tasks and in general to lead them appropriate. … This is important but it is not very self-evidently. Because, often family members appear very strong in the operative business so that is not very interesting for their subordinates [Also Kadermitarbeiter sowie Mitarbeiter sind für den Erfolg genauso wichtig wie die Familienmitglieder die das Geschäft führen. Aber es geht darum, dass diese Leute ein interessantes Arbeitsumfeld haben und dafür müssen die Familienmitglieder natürlich sorgen. Und wenn sie diesen Leuten genügend Freiheit geben, wirklich die Aufgaben delegieren und sie gut führen allgemein. ... Das ist wichtig aber das ist nicht so selbstverständlich. Weil vielmals wirken Familienmitglieder sehr stark im operativen Geschäft und dann ist es für jemanden, der unter ihnen arbeitet nicht mehr so interessant] (2016, l. 12-21).

Also I10 says that they have many externals in their management. The goal should be to have the best people in the company be it externals or internals (I6).

4.2.2.2. relationships

Like every other business, family businesses are based on relationships. A crucial criterion, which was mentioned by some of the interviewees, was that you have to like people, if you want to be successful in business, which is expressed in the form of long-term and trustful relationships (I1, I10). It is extremely important that the entrepreneur itself is in contact with its customers. Than many customers are proud, that they can do business with a “patron” and not any manager of a public company. Therefore, it is important for a family entrepreneur, to get in contact with its customers, be authentic and to place the customers trust. All this does not only count for customers but also for family business’ employees (I1). Family entrepreneurs should convey their interest in people, in customers and suppliers and see that they maintain a good relationship with them (I4, I10). I9 states: "We see our suppliers as partners. There are many, we can denote since many years as partners" [Wir sehen unsere Lieferanten als Partner. Es gibt viele, welche wir schon seit vielen Jahren als Partner bezeichnen dürfen] (2016, l. 172-173).

People should get the feeling that they are liked and appreciated (I10). In the family of I7 "…everyone was good with people" […alle konnten gut mit Menschen umgehen] (2016, l. 253-254). In the family business of I2, the main aim was their customers and their satisfaction. Continuity of the important customers and customer account managers is the A and O of a successful company. For the relationship with the 100 most important customers, someone from the management is responsible, to maintain a good relationship with these customers. There they represent the family business insofar, that all of the management including the family is at the front (I2). According to I7:

> A customer appreciates if the has a face, a contact person, who gives the feeling, that there is a person behind all this. It is also much easier to invest money, if one is aware of where the money flows, than if it flows into something anonymous, like a conglomerate [Ein Kunde schätzt es wenn er ein Gesicht hat, eine Ansprechperson, wodurch er das Gefühl bekommt, dass hinter dem ganzen eine Person steht. Es ist auch viel einfacher Geld in etwas zu investieren, wenn einem Bewusst ist, wohin dieses Geld fliesst als wenn in etwas Anonymes, einem Konzern zu investieren] (2016, l. 25-28).

The most important stakeholders for family business do include the employees as already mentioned above (I2, I3, I7, I8, I9, I10).

> If employees are satisfied and place trust into the business independently if it is a family business or not, then they will yield good service which consequently leads to satisfied customers. [Wenn der Mitarbeiter zufrieden ist und Vertrauen schenkt in eine Firma, unabhängig ob es eine Familienfirma ist oder nicht, dann wird er eine gute Dienstleistung erbringen und das wird dazu führen, dass der Kunde zufrieden ist] (I3, 2016, l. 105-108).

At the end, everything goes back to the employee (I2). For I10 it is important, that he can talk to everyone in the company and gets understood by everyone. Being at the front and having the proximity to the employees is essential (I8).

4.2.2.3. sustainability

One thing all family businesses have in common is their way of thinking. Comparing to non-family members they think in generation rather than in quarters. This long-term approach gives them a competitive advantage over non-family businesses (I2, I4, I5, I7, I8, I10). For family businesses to reach longevity, consistency and a long-term view are the main aspects. Unlike, public companies, which often live from one quarter to the next (I2) trying to make as much profit as possible and achieving the best success during their carrier time without thinking sustainable, family business think already about the next generation (I8). I8 mentioned:

> I cannot say in five years I am away, doing something different and now I steer everything towards this point in time. But rather, we look already now for a process for involving the descendants and then you think about it totally different [Ich kann nicht sagen, in fünf Jahren bin ich weg und dann mache ich etwas anderes und jetzt steuere ich alles auf das. Sondern wir schauen bereits für einen Prozess für die Nachkommen einzubeziehen und man überlegt sich, das Ganze einmal weiter] (2016, l. 20-23).

The long-term and entrepreneurial planning and acting, not having to decide on a quarterly base is the luxury of a family business (I10). However, this factor of success can also be a risk for many family businesses. In the way that over years hidden reserves can be dissolved, when there are problems without anyone to notice (I10). But sometimes, especially during times of crisis, family businesses have different options and philosophies, to overcome such difficult times, such as the safety of workplaces (I2). Also I5 supports this opinion and mentioned:

> The positive is, that one thinks long-term. In 2009, we had a veritable decline in sales, lasting for two years. The worldwide weak economy we felt enormously, especially in the export business. However, we did not dismiss any people. We said we can stand this. We took a variety of measures but did not dismiss people. A family business can do this. The people feel this expression of loyalty and give it back. When it goes up again, these people are still there and I do not have to look for new ones [Das Positive ist, dass man längerfristig denkt. Wir hatten im 2009 einen veritablen Umsatzeinbruch, über zwei Jahre hinweg. Die weltweit schwache Konjunktur haben wir extrem gespürt, vor allem im Export. Wir haben trotzdem keine Leute entlassen. Wir haben gesagt, das können wir durchstehen. Wir haben natürlich eine Vielzahl von Massnahmen getroffen. Aber wir haben keine Leute entlassen. Das kann ein Familienunternehmen tun. Die Leute spüren den Loyalitätsbeweis und geben das zurück. Wenn es wieder aufwärts geht, dann sind die Leute noch da und ich muss mir nicht wieder neue suchen] (I5, l. 329-336).

This continuity is definitively a valuable asset (I7). In order to achieve this continuity there need to be a next generation that continues the family business. I7 believes that the children should be early involved in the information flow of the company and be treated as if they would one day join the family business. Regarding to this I8 says:

> We live our business and this began already when the grandfather brought along his son and he grew into the business. This was also the case in my generation. Right after we were born we were at the office with our mother. When I now look at my daughters, they were also every day in the office. They got this virus and witnessed our family business or business [Wir leben unser Business und das begann schon, als der Grossvater den Vater schon als Bub immer dabei hatte und er darin hineingewachsen ist. Das war jetzt auch in meiner Generation so. Wir sind schon kurz nach der Geburt bei der Mutter im Büro gewesen. Wenn ich jetzt eben meine Töchtern anschaue, die sind auch jeden Tag ins Büro gekommen, die haben diesen Virus mitbekommen und haben das

> Familienunternehmen oder eben unser Business von der Bébé her miterlebt und mitbekommen] (2016, l. 30-36).

One way to involve the children in the family business is, by showing them around and introducing them to the clients and thereby, showing them the daily business. Another way is to talk about the business at home. Through both ways, they get first impressions and experiences in the family business (I4).

With the time, the change comes. This is also something family businesses are aware of. The interviewees mentioned that being open for new things and going with the time can be a challenge but also a chance for family businesses. So for example I4 mentioned: “A certain readiness for innovation and flexibility is important” [Eine gewisse Innovationsfreudigkeit und Flexibilität ist eben so wichtig] (2016, l. 456-466). There exists the risk of missing the future. In particular, old family businesses, which where successful over generation with the way they did something. However, exactly this can become a risk, if the development in the market would not be seen anymore and too much focus lies on the own business approach (I4). I7 for example expressed its family’s readiness for innovation when she said:

> I think one of the important points, which permeate in our owning family, is the feeling for the demands of the customers at the respective time. [Ich glaube einer der wichtigen Punkte, der sich in der Eigentümerfamilie etwas durchzieht, ist das Gespür für die Bedürfnisse der Kunden zur jeweiligen Zeit zu haben] (2016, l. 6-7).

For more innovation or openness external experience of younger generations can be a good resource. I1’s daughter for example gained marketing knowledge at a well-known Swiss company in the luxury business. She plans to join the family business one day, even though she is critical against the company and sets the conditions to change a few things. I1 is aware of it and thinks that through her external experience she has the opportunity to learn good marketing and later adapt it to the family business. Whereas, within the own company the tendency exists that everything stays the same for years. The same counts for I1’s son. I1 said:

> That the young people are more rousing is clear. But, I think it is important to have the understanding "why does he say this?" or "what does he mean exactly?". Also to say this is a point, why not, let's do it. And not always just young and old, hierarchical thinking [Dass die Jungen immer stürmischer sind ist klar. Aber ich glaube das Verständnis zu haben, warum sagt er das jetzt, warum meint er das jetzt. Ich glaube das ist ausserordentlich wichtig. Auch zu sagen, ja das ist ein Punkt „why not, let's do it". Und nicht immer nur jung und alt, hierarchisch denken] (2016, l. 212- 215).

Than at the end the company's supreme goal is the long-term prosperity to the benefit of all parties involved in the business (I1). According to I7, this long-term stability can only be achieved, by constantly looking for new solutions, since nothing stays the same. I9 meant to this:

> When the environment changes so fast, one has a recumbent pole with values, which makes one much more constant over the period of time. Well, they need to be change, if not they would be pragmatic but they are timeless [Wenn sich das Umfeld so schnell verändert, hat man einen ruhenden Pol mit Werten und man ist sehr viel konstanter über die Zeit. Also man muss sie schon anpassen, sonst wären sie ja pragmatisch, aber sie sind zeitlos] (2016, l. 16-19).

The maintenance of these values is the biggest contribution of the family and also the most important and something passed over generations (I8, I9, I10).

5. Discussion / Conclusion

The result of this research study showed in which way the owning family contributes to, as well as endangers, the long-term family business success. The rich and extensive answers gained through the narrative interviews allowed to discuss the research question from different perspectives. Additionally, the content analysis was conducted in depth, which further helped to answer the research question. In fact, all family business entrepreneurs mentioned more or less the same chances and risks associated with familyness. This is interesting, since all of them differ in two relevant points. First, the generation the family business is in, and second, the constellation of the owning family. In order to discuss the results the gained data from the interviews with the family business entrepreneurs will be linked to the data retrieved from literature research.

Concept of familyness. As the concept of familyness depicts, the interview results showed that there are close interactions between the systems family, business and ownership and that they can have either positive or negative effects on the resources and capabilities of a family business. Furthermore, all interviewees referred at least once to one of the four dimensions family influence, family structure, family tradition or family philosophy.

Family influence. The degree of family influence differed from one family to the other. Out of the ten family businesses eight are to 100% family owned. One of the remaining companies has giving some of the ownership stakes to its employees and the other company has become a listed company some years ago, whereas the family still owns the majority of the voting shares. Furthermore, all ten family businesses have own family members in the board of directors but also in the management team. It could be found out that it is important to have objective, external views and opinions that support the family business on their ways to success. Most of them mentioned that they have external directors or managers with professional know-how and an emotional distance to the family business. The mix of family members and externals provide the company with all it needs – outstanding commitment and passion as well as objective professional know-how.

Family Structure: Different opportunities and challenges arise depending on the size of the owning family and the family members actively involved in the business. Each of the ten family businesses has a different family constellation and a different family member employment policy. Whereas a minority tries to fairly involve all its children, the majority highly recommends having as less family members involved as possible. The increasing amount of family members, which increases with each generation and with it associated complexity, is one of the most mentioned risk factors. The more complex the family constellation involved in the business gets, the higher the risk of fragmentation of the family and its interests. Furthermore, all interviewees mentioned that sharing the same interests and pursuing the same goal is crucial for being successful in the long run.

Family Tradition. Tradition usually increases with each generational transitions of the family business. The interviewees mainly mentioned values, which are lived by the owning family and passed through to each generation. Many interviewees base their entire company culture on their family and business values since many generations. However, they also mentioned that besides tradition there needs to be enough room for innovation and also readiness for the adaption of certain new values. Combining the two – tradition and innovation, is a further success factor mentioned by all of the interviewees.

Family Philosophy. The challenge of combining family and business is known by all family businesses. They often face situations where they have to decide or act in favor of one and against the other system. It was clearly noticeable that all of the interviewees follow a business first philosophy. However, it clearly showed that there are situations where they have to decide between the professionalism of the company and the family harmony. Such decisions most often have to be taken when it is about family members' financial commitment and interests, family members' employment and the family business succession. To cope successfully with such situations all parties involved have to be fully committed and eager to continue the family business in the interests of all stakeholders. Family members who think about themselves first instead of thinking for the long-term success of the company usually separate themselves from the family business - either voluntarily or forced by the family members who are fully committed to the business and not accepting others to hold against them or benefit from the business without bringing the required contribution to it.

According to Mühlebach (2005), all of the four dimensions mentioned above have a major impact on the capabilities and resources of the business. A continuously and proactively adaption of the four dimensions by the owner family is essential in order to strengthen distinctive and prevent constrictive familyness (p. 55). Based on the interview statements but also based on further sources such as handouts, company websites and company bibliographies it became clear that all of the family businesses follow up with the chances and risks that exist due to the family involvement in the business. In order to refer back to the theoretical part of this study, the answers to the interview questions will be linked to the different forms of capital – physical, financial, human, social and organizational in family businesses. Human and social capital followed by financial and organization capital seems to be most important to family businesses. Physical capital, compared to the other capitals was mention only a few times.

Familyness in Physical Capital. The awareness of the entrepreneurs' physical capital was rather weak. One aspect they mentioned, which could be linked to the territorial roots mentioned in the physical capital theory, is the sustainable relationship to their employees and customers, which can be a source of great strength for family firms, since locals see the importance of the company for their area. In addition, they mentioned the close and trustful relationship with their long-term suppliers, which is further a point discussed in the physical theory. Long-lasting and trustworthy supplier relationships go hand in hand with sustainable and high quality products and services, which is key for family businesses in order to fulfill their customers' requirements. Moreover, many family businesses follow a long-term investment strategy, based on their long-term view, which was mentioned by one entrepreneur in the sense of expensive machinery investments. The family business advantage in the field of technologies based on their self-fabrication, unique factory layouts or individual production processes depicted in the theory could be a result of the mentioned pioneer spirit and the sense for new customer demands mentioned by the entrepreneurs. A further, interesting aspect from the theory of physical capital is referred to the companies' locations and the ignorance of the happenings outside their area. Many interviewees mentioned that they got hurt by the economic crisis in the previous years and had to take action. Especially, the Euro-Crisis affected many of them. Especially, those who only focused on the Swiss market without looking for production sites or sales points abroad. Overall, as the results show, familyness in physical capital seems not to be on of the most considered factors by the family business entrepreneur. This looks different when it comes to familyness in financial capital.

Familyness in Financial Capital. Researches showed that "personal, existential independency is one of the most powerful driving forces of entrepreneurial activity" (Mühlebach, 2005, p. 18). The different entrepreneurs' statements about their financial commitment and their high financial responsibility justified this. They mentioned that following the same investment strategy is key for family business success. However, it showed that this must not always be the case. There are always family members who prefer large dividend payouts, instead of reinvesting the capital into new projects or new developments of the company. This can be referred to what the theory says that high dividend payments and withdrawals by family members can exceed a company's capacity of self-financing. Most often these kinds of family members do not have an active role in the operations of the company, and therefore, are more interested in the business as a mean to generate money, than in the entrepreneurial activity itself. There were cases mentioned, where such family members were paid out, and the ownership went over to the family members who were actually having an entrepreneurial interest in the company. These were mostly decisions based on responsibility. The entrepreneurs declared that, especially during difficult economic times, the owning family is responsible to commit itself with everything it has, in order to bring the company "over the hill". Because financial responsibility is closely linked to entrepreneurial responsibility and with entrepreneurial responsibility to freedom of decision-making and flexibility comes, mentioned by some of the entrepreneurs. This can be linked back the theory, which states that family businesses can benefit from fast decision-making processes due to the unity of ownership and leadership (Mühlebach, 2005, p. 18).

One entrepreneur mentioned the risk of financial limitation of family businesses if the entire capital is family bound. When their family business recognized the potential to grow globally they decided to go public, but to leave the decision control in the owning family's hands. This is in general, somewhat contradictory to what the theory of financial capital in family businesses depicts.

A further aspect, which was already touched in the physical capital theory, is the long-term investment horizon. Family businesses think in generations not in quarters, is probably one of the most famous sentences referred to by family members in theory but also in practice. Because the owning family can influence the investment horizon, the propensity to take risk, the cost of equity and the capital structure of the company. Compared to non-family businesses, family businesses can stay focused on innovation and development of their competences, rather than satisfying their shareholders' quarterly expectations like many listed companies have to do. This aspect was mentioned both in theory and in practice. In addition, the entrepreneurs mentioned that during difficult economic situations, they tried to find a variety of possibilities such as investing their entire wealth into the company or to renounce on everything, in order to financially survive the crisis. All to just not have to dismiss employees, which differentiated themselves heavily from other companies during difficult times. Again, they take full responsibility for their company and stakeholders, at their personal costs, which is definitively a competitive advantage of family businesses, as it increases employee but also customer loyalty.

Familyness in Human and Social Capital. The family entrepreneurs mentioned different sources of human and social capital, which were depicted in theory. Extraordinary commitment of family members, which is one of the most depicted resources in human capital, was mentioned in different forms by all of the interviewees. The owning family's high motivation, and performance based on their great passion for their family business is definitely part of distinctive familyness and should be strengthened by each generation.

However, this great passion and motivation of family members may be a competitive advantage against non-family businesses, but there is still need for good performance and highly qualified people. As appeared in the interviews with the family entrepreneurs, this evolves as one of the biggest challenges of family businesses: having the right people in the right position. Due to the overlapping system of family and business, decision-makings about family members employment can be a highly sensitive topic. The entrepreneurs' statements can be supported by the theory, which says that "the duality of these relationships increases their complexity and creates unique context for human capital (both positive and negative), compared to nonfamily firms" (Sirmon & Hitt, 2003, p. 341). However, it has to be said that if the right people join the business over generations, deep firm-specific tactical knowledge and values, which provide the company with a competitive advantage, can be transferred much better than in non-family businesses. Family business can benefit from human capital resources by transferring the right values and knowledge to their children during their parenting. Again, compared to non-family businesses, family businesses often think in a very long-term perspective, since most of them raise their children as if they would be the future entrepreneurs of their family business. Parenting and close interactions with the business in the early age is often also the resource of this close binding, as well as passion for the own business. Nevertheless, many of the family business entrepreneurs said that they leave their children free will in what they want to become in the future, but always with the hope that they decide for the family business, the family built up over generations. Again, here it is clearly visible that the main goal and hope for current entrepreneurs is to continue their family business under the control of the family. At the same time they revealed that, in favor of all stakeholders involved, they clearly first think of the company itself, meaning choosing the business first approach, which can result in choosing an external CEO instead of someone of the family. Thus, it was clearly noticeable that good leadership, and here again it is about commitment, skills, knowledge and experience of employees, so human capital, is one of the most important success factors for family businesses in order to be reliable and successful. The question about competence and commitment again arises when it comes to succession.

The problem rather exists in the planning of the succession than in the choice of potential successors. According to the interviewed entrepreneurs this is definitely a factor, which is responsible for many failures of family businesses. Starting early enough with planning the family-internal or even external succession is one of the most mentioned recommendations for achieving a long-term business success and harmony in the family.

Furthermore, the theory describes that exemplary owing families foster a close and trusting communication among family members in the company. According to the interviewed entrepreneurs, open and trusting communication is something, which is highly valued in family businesses. A good communication policy can in fact be sometimes complicated and risky but very worthwhile and efficient to prevent but also to solve problems. This was also mentioned in the theory.

Moreover, the theory discloses that he high attention of the owning family to close and long-term relationships, denoted as familyness in social capital, can have an impact on relationships with others than the family, such as employees, non-family managers and business partners. In accord to the entrepreneurs' statements, building on personal, long-term relationships with employees and customers is one further key aspect for success. All of the mentioned values are closely linked to the entrepreneurs' own philosophy, personality and characteristics. According to the theory familyness in human capital, it is often the values, the so-called DNA of a company, which differentiates the "one" family business to any other business. This important difference, these individual values, is, according to the entrepreneurs' statements, the biggest contribution of the family to the business. Like mentioned in theory, family businesses have more than just good products and services, they have a story to tell, with which their customers and employees identify themselves.

Familyness in Organizational Capital. According to the research on organizational capital, it is important for family businesses striving for longevity to have clear structures and processes and an applied business culture. These are key for coordinating all familyness in physical, financial and human as well as social capital. The interviewed family business entrepreneurs mentioned that having clear rules regarding qualifications of family members, who strive for an employment in the company, is important due to the following three reasons. First, in order to achieve the respect and reliability of customers, because being professional in its field is crucial for family business members to succeed in business. Second, the company's employees require good leadership. They want leaders they like to trust and follow and leaders, who exemplary follow the company's goal and live the family business' values. Third, they need to get the acceptance of the remaining family members, since it is important that all of the involved family members follow the same goals with as most commitment as possible. If not, there will appear conflicts of interest, which can hinder the company's success. The familyness in organizational theory says that in case the collaboration of family members works out without any issues, family businesses can benefit from short decision-making processes and high organizational flexibility due to rather flat hierarchies compared to large non-family businesses and conglomerates. However, one important factor regarding organization of family businesses discussed with the family entrepreneurs was the number of family members involved, which was seen as the highest risk factor for family businesses. All entrepreneurs agreed that the more family members are directly involved in the business, the more complex is gets, and consequently, the more rules and structures are needed. With the increasing number of family members also the variety of interests and opinions increases. First of all, they say that it is important to have clear definitions about common goals and values. Second, each entrepreneur mentioned the importance of external members in the board of directors, who are there to represent an objective view and reflect the family members' opinions and performance. All points mentioned by the entrepreneurs were also emphasized in the theoretical research of familyness in organizational capital.

The comparison of the results retrieved from the literature research and the data gained from personal interviews with ten Swiss family business entrepreneurs, leading their business in at least the third generation, showed that, in the end, a family business' success and survival depends on basically one important thing: a clear vision based on values that are shared by all family members.

A recommendation for further studies would be, for example, to focus either on one specific challenge such as succession of family-owned companies or communication in family businesses and in exchange to elaborate on it in more detail, including, for example, an analysis of the specific process.

The scope of the study might be of relevance to other fields, however, it is debatable to which extent. The results of this study may be used as a basis for further studies on familyness in family businesses and its associated contributions and risks for the long-term success of family businesses.

6. Recommendations

Based on the theoretical research and the data analysis of the interviews, recommendations to the predefined research question will be derived. The research question of this thesis reads as follows:

In which ways does the owning family contributes to, as well as endangers, long-term firm success? In other words, what factors – besides those that have been identified in previous research, such as financial independence or lack of conflict management skills – contribute to or hinder family firm longevity?

The following eight key success factors will disclose the secret of long-lived family businesses and can help other family businesses to achieve their family business longevity.

Representing values. First, it is important that family members live their values and make sure that these values are passed through generations. Most often exactly this worthwhile and clear values differentiate family businesses from other companies. Therefore, it is important to define them, since they serve as an essential guideline, helping to stabilize the business and delivering an identity to the family business.

Thinking in the long run. Second, it is important for family members to hold on to the long-term perspective calculating in changes in demand, economically difficult situations and their own family business succession. Early planning, readiness for change, innovative thinking and acting and a full commitment and responsibility of the family members in every situation are therefore required.

Unifying interests. Third, in order to retain family harmony in favor of the family business' performance, the entire family has to steer in the same direction regarding values and goals. This is usually easier to achieve by having as less family members directly involved in the family business as possible. Therefore, it is important to clearly define family members' ownership, position in the business and voting power, since these three mechanisms allow the family to directly influence the family business performance.

Communicating openly. Fourth, where people have to collaborate, there is need for communication. Family members need to communicate openly with each other since this is important to build trust and respect as well as it prevents and solves many problems. Regular family meetings or family days are great platforms for family members to exchange. The exchange of thoughts can often lead to new ideas, but also it brings the family closer together, which can contribute to the family's harmony and unity of interests.

Taking responsibility. Fifth, family members have to take responsibility for the family business and all stakeholders involved. Meaning they have to put all their effort and passion into the business. In addition, they need to take the financial responsibility for the family business. There are always situations where there is need for more capital, and in such situations family members need to be willing to invest all they have into their family business in order to either foster the development of the company or to support the business' survival during difficult economic times.

Building on relationships. Sixth, family members can benefit from long-lasting relationships with their stakeholder, in particular with their employees, customers and suppliers. It is important for family members to maintain personal and trustworthy relationships with these stakeholders, since they will identify themselves with the family business and are often also proud about their long-term relationships. As a result of this, they show loyalty to the family business and its family, which contributes to the long-term family business success.

Defining rules and structure. Seventh, family members need to define clear rules and structures about family members' employment, succession, ownership, exchange of information and financial payout strategies. Clear structures and rules, prevent conflicts and promote family business professionalism, which is highly important to attain reliability from employees, customers and other family members.

Being professional. Eight, family members need to be professional. They have to be qualified as good or even better than other employees, in order to achieve respect, company internally and externally. A good education, strong personality, entrepreneurial thinking and external professional experience can provide family members with the required competences to fulfill the challenging role in the family business. Involving external directors and managers in the family business can serve as a reflection for the family members performance, but also provides the company with valuable objective ideas, opinions, competences and know-how.

Thanks to ten family business entrepreneurs, telling about their family business success story, these eight recommendations were developed. Contracting all of the eight success factors together it is noticeable that in conclusion, the family businesses' success depends on a common vision, based on values that are shared by all family members. With this, the secret of long-lived family businesses could be revealed. A well functioning, healthy family, serving as the root of the family business is the secret of long-lived family businesses.

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Appendix A: Interview Outline

Research question

In which ways does the owning family contribute to, as well as endanger, long-term firm success? In other words, what factors – besides those that have been identified in previous research, such as financial independence or lack of conflict management skills – contribute to or hinder family firm longevity? This research therefore sets out to confirm existing and identify previously unknown factors influencing family firm longevity.

General Information

Say thank you for the chance to interview the person. Ask the interviewee for permission for recording the interview. Information interviewee about what happens with the data collected.

Listen to descriptions and observe feelings, reactions. If one of the things he/she talks about has to do with the research question, pick on that. Let them tell you a story.

1. Fundamentally: what do you think that you contribute as owner family for the long-term corporate existence and success of your company?

2. Which family or business skills or attributes have your company secured stability for survival over multiple generations?

3. On the other hand: what are the risks arising from the involvement of the family in your company?

4. What emotional significance does the company for you and your family have?

5. Which values are decisive for your family? What measures do you take as a family to protect these values through generations?

Appendix B: Declaration of Sole Authorship

I, Corinne Galliker, hereby confirm that I have completed this bachelor's thesis independently and without the help of third parties, that all my sources and all the literature employed for this purpose have been duly documented, that I will duly respect the claim to confidentiality of the person(s) who have commissioned this thesis, and that I will observe the relevant copyright provisions of the Lucerne University of Applied Sciences and Arts.

Place and Date: Lucerne, June 20, 2016

Corinne Galliker ________________________