



SZÉCHENYI PLAN



HUNGARY'S RENEWAL

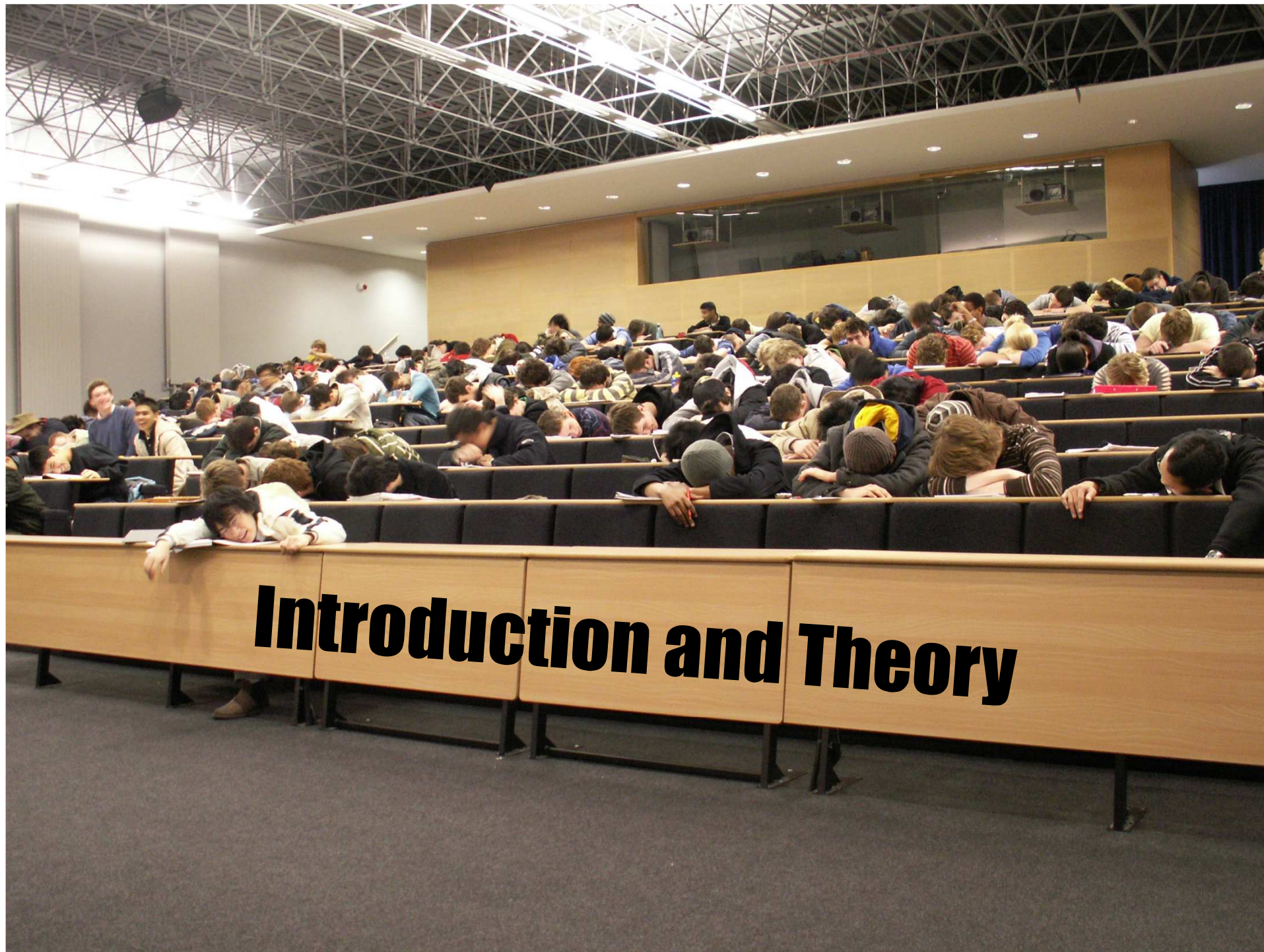
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Management orientations in family and non-family businesses

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Introduction and Theory

Orientations



Entrepreneurial

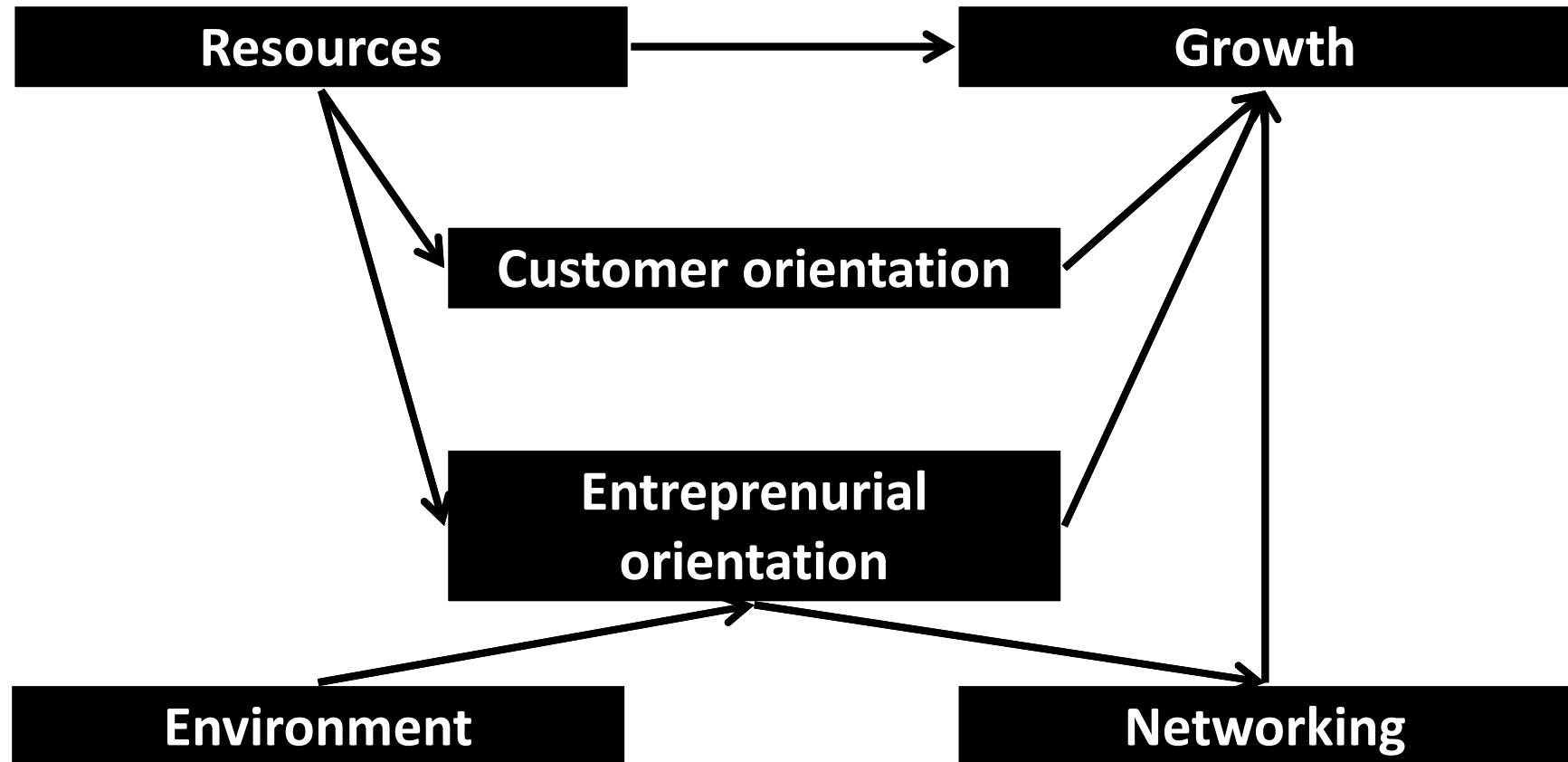


Market

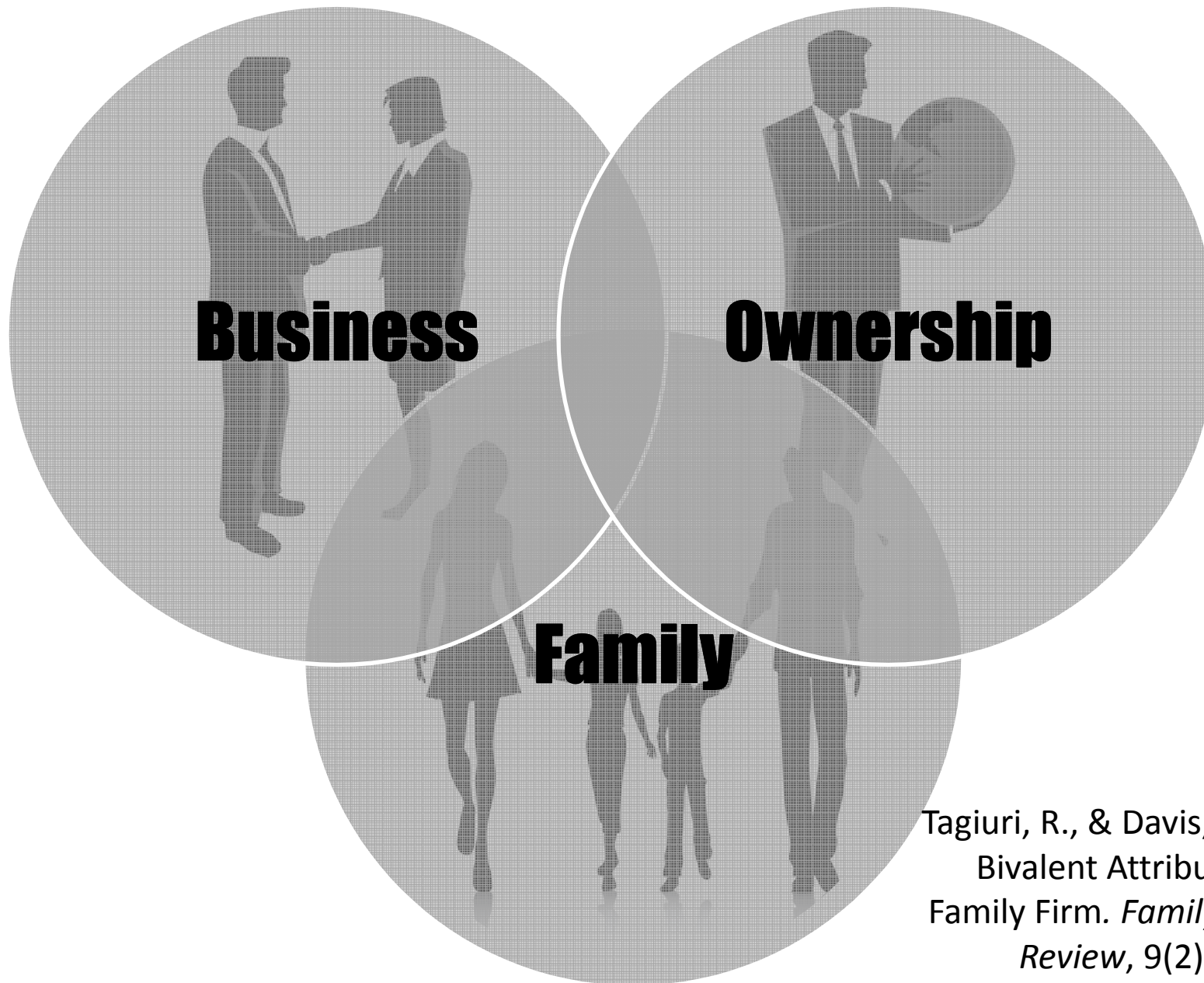


Customer

COEO Modell



Three-circle modell



Tagiuri, R., & Davis, J. (1996).
Bivalent Attributes of the
Family Firm. *Family Business
Review*, 9(2), 199-208.

Family business definition

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

1. The **majority of decision-making rights** is in the possession of the natural person(s) **who established the firm**, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their **spouses, parents, child or children's direct heirs**.
2. The majority of decision-making rights are indirect or direct.
3. **At least one representative** of the family or kin is formally involved in **the governance** of the firm.
4. **Listed companies** meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess **25 percent of the decision-making rights** mandated by their share capital.” (European Commission 2009)

The method



The survey

Survey design:

1. 36 items (8 scales) of five-grade Likert scale
2. Demographic data of the company
3. Demographic data of the entrepreneur
4. Questions about generational change
5. Questions about enterprise development

Sampling:

Accidental sampling with the help of university students.

N=456 (11 filtered as non SMEs)

Hypotheses

H1: Higher entrepreneurial orientation (EO) leads to higher growth.

H2: Higher customer orientation (CO) leads to higher growth.

H3: In family firms, the level of risk-taking is lower.

H4: In family firms, the level of innovativeness is lower.

Results



Company Demography

	N	Percent	Cumulative percent	KSH 2010
1-9 employees	215	47,1%	47,1%	95,37%
10-49 employees	177	38,8%	86,0%	3,82%
50-249 employees	53	11,6%	97,6%	0,66%
250+ employees	11	2,4%	100,0%	0,15%

Entrepreneur Demography

- Age minimum 20, maximum 80, median 44.
(National median age is 40.)
- One quarter of them are female.
(Expert estimation: 27-32%)
- 56% higher educated. (25% of population)
- What did they do before entrepreneurship:
 - 18% student
 - 6% public sector (30% of population)
 - 76% private sector

Double definition

Family business by definition

Thinks it's a family business.

No

33,1%



No

Yes

16,6%

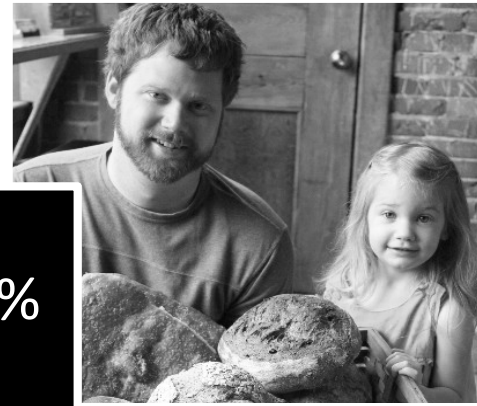


Yes

5,2%



45,1%



(N=445)

Family businesses

- More micro and less medium enterprises.
- More sole proprietorships and less Ltd.
- More first generation.
- Less educated entrepreneurs.

No difference on COEO scales with nonparametric test.

Reliability of COEO Questionnaire Scales

COEO scales	Cronbach's Alfa
responsiveness (CO)	0,758
risk (EO)	0,738
proactiveness (EO)	0,652
innovativeness (EO)	0,737
resources	0,528
environment	0,879
networking	0,658
growth	0,897

Growth Ranks according to EO and CO

COEO groups	Sales Growth	Profit Growth	N. of Employees Growth	Market Share Growth
High EO High CO	1	1	2	2
High EO Low CO	2	2	1	1
Low EO High CO	3	3	3	3
Low EO Low CO	4	4	4	4

Spearman correlation between CO and growth: 0,155.

Spearman correlation between EO and growth: 0,317.

K-Means cluster analysis

	1	2	3	4	5
responsiveness (CO)	4,02	3,20	3,78	3,53	4,27
risk (EO)	3,32	2,40	3,21	3,33	3,91
proactiveness (EO)	3,84	2,76	3,80	3,50	4,20
innovativeness (EO)	3,04	2,43	3,37	3,32	4,12
resources	2,15	2,72	3,13	3,12	3,65
environment	2,86	2,14	2,42	3,68	4,26
networking	4,07	2,36	3,71	3,18	4,33
growth	1,53	2,35	3,22	3,25	3,95
Total N	30	60	70	110	27

Family 70 **10,70** **10,70** **10,70** **10,70** **10,70**

Please ask any questions!

