Linda Lehner

Co-Leading Sibling Teams in Family Firms

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Tom A. Rüsen, Heiko Kleve und Arist von Schlippe

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Co-Leading Sibling Teams in Family Firms

An Empirical Investigation on Success Factors

With a foreword by Prof Dr Rudolf Wimmer

With 7 figures

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Contents

Chapter A: Theoretical Framework

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

Chapter B: Empirical Findings

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

Foreword by Prof Dr Rudolf Wimmer

One of the multi-layered peculiarities of family-run businesses is their attempt to maintain the functional unity of management, ownership and head of the family in the top management of the company as long as the framework conditions allow it. This unity, which is particularly typical of the pioneering phase, ensures that different areas of responsibility are bundled in one single hand – a concentration of authority that gives abundant influence and creative power to the top of the enterprise.

Over time, this bundling of decision-making power leads to characteristic features of management and organization in family enterprises, which have often been described with regard to their family roots and functional ambivalence: short and rapid decision paths, consistent customer orientation, entrepreneurial guts feeling in setting the strategic course, comprehensive internal alignment with the perceived intentions of the top, differentiation of internal organizational units built around persons, a management culture that is consolidated and further developed in its basic convictions and normative certainties around the perceived expectations of the pioneers, etc.

It is clear to the sober observer that such patriarchal conditions also harbour a high-risk potential. Such leadership structures lose their well-rehearsed functional efficiency as soon as the top management's ability to ensure the company's existence collapses. This might be due to illness or death, or to an increasing overstrain of the top management caused by the growing complexity of the company that cannot be longer managed with the usual routines.

In the past, the handover practices observed in generational change were always aimed at maintaining these leadership principles and practices also in the generation of the successors. Many of the handover rules had exactly this purpose, some of them stemming from a centuries-old tradition.

Currently we can observe that the basic convictions that have previously underpinned these handover patterns are now losing their orienting power. The scope for variation in the handover, with regard to both ownership and management responsibility in the company, has expanded considerably in practice.

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The traditional authority-based triad of the unity of leadership, ownership and head of the entrepreneurial family is now only one of the possible solutions, and one that is chosen less and less frequently in practice.

These changes are driven, among other factors, by the general socio-structural transformation of the family, which even entrepreneurial families cannot escape. Today's families have developed their own understanding of justice, which differs significantly from that of the immediate post-war generation. In this understanding it would be absolutely impossible to treat their own children – in short, members of the next generation – extremely differently when transferring the wealth they have earned. The family today has (almost undisputedly) become a social place holding the claim that the future life chances of the adolescents are considered equally. In many entrepreneurial families, too, the parents' generation feels increasingly committed to this principle of family justice.

This far-reaching structural change in family values and the associated mutual expectations of family members impact the fact that the company's assets are increasingly being passed on to the next generation in equal shares. This puts the dynastic conviction into perspective that family managers must also hold the majority of the shares, if the prerequisites for successful leadership at the top of the company are to be permanently ensured. Similarly, the long-held notion that all corporate decision-making power can only be reasonably concentrated in the hands of one person, has also dissipated. Recently, for example, we have increasingly encountered siblings at the top of family-run companies.

The transfer of the company management to siblings, combined with the splitting of company shares among several descendants, creates a radically different family constellation of influence compared to the traditional, uniform bundling of authority resources. This drastic change of patterns confronts the relationships of influence (such as the possibilities of successful management) as well as the circle of shareholders with unprecedented challenges. These dynamics have remained comparatively underexposed in previous research on family businesses.

The author of this doctoral thesis has placed her research efforts primarily in this research gap. By doing so, she has focused her research on a question taken primarily from the practical context: What are the conditions of the possibilities under which siblings at the top of a company can successfully fulfil their leadership tasks in a sustainable manner?

In this context, however, the author is particularly interested in one specific sub-question: How does the specific way in which the handover process has taken place influence the success or failure of this particular management constellation? At heart of this question lies the assumption that in the process of the changeover itself critical decisions are made which have an essential impact on

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whether siblings grow into their leadership tasks successfully or fail in their cooperation.

With these research interests, the author addresses questions that touch on the core of today's family-run businesses. The lifelong family experience that siblings bring to managing the company has an enormous influence on their cooperative relationship. The basis of this special family bond can be a definite advantage for joint leadership, provided that the cooperation is characterized by the trust-based, unshakable certainty that siblings can blindly rely on each other in all conceivable situations in life. This quality of feeling safe in a relationship, usually only develops under very specific conditions of growing up together in a family.

However, the special relationship between siblings – with their complementary, interrelated personality dispositions – can also be a heavy burden for the successful accomplishment of shared management tasks. Relevant media always enjoy banging on public conflicts between siblings, especially when they are based on chronic rivalry dynamics. Such "stories" nourish the image that siblings at the head of a company do not get along well with each other on a long-term basis.

In cooperative relationships of siblings at the top of a company, the entrepreneurial family is directly present in its own specific way. It is the central topic of this doctoral thesis to explore how corporate requirements and family heritage can be leveraged as mutual resources in such a leadership constellation – or, on the contrary, they would develop into destructive "organizational disability". By tackling these issues, the author makes a highly relevant contribution both to the development of specific theories of family businesses, but also to the sustainable longevity of this type of enterprise.

In terms of methodology, the empirical component of the thesis is based on a large number of carefully selected case studies from the German-speaking world. These include not only companies that have already been managed extremely successfully by siblings for years, but also those that have quit this constellation after considerable conflicts. In view of the current state of research on the chosen topic, the author has rightly opted for a "multiple-case-study approach", as elaborated by R. K. Yin. The carefully analysed case studies offer extremely rich data, which provide impressive insights within the context of the original research interests of the author.

As such, those interested can expect an extremely profitable read.

Prof Dr Rudolf Wimmer Witten, June 20

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

Acknowledgments

The journey started in 2014, when I proposed my intention to write my master thesis on governance in family firms to my thesis supervisor at the University College of London. Her reaction to my proposed topic was priceless: *"Linda, in 20 years of teaching corporate governance, I have never had one student wanting to write about governance in family firms. It's a brilliant idea!"* Surprised and mildly shocked that students at English universities were apparently not interested in the predominant type of firms but rather prefer big cooperates, banking or consulting institutes, I decided to dedicate a significant amount of time researching the field of family firms.

Family businesses have always fascinated me and have had a major impact in my life. Growing up in a family business, classic kitchen table conversations about the business were considered normal, factory visits were our common Saturday and Sunday family activity, and family vacations were combined with on-site visits in factories. Thus, growing up in a family business context significantly shaped my being and not surprisingly my intention to spend a significant time of my life researching those unique species in form of two master's theses and one doctoral dissertation. Thereby, my grandfather played an important role during my topic-finding process of this work as he founded and co-led our family business with his siblings. He often spoke about the joy and gratitude of working with family members and, although never said out loud, the challenges of building a business and working with his siblings could not be ignored. This sparked my extensive interest in this fascinating topic, and I decided to write my dissertation about the joyful as well as challenging co-leadership constructs of siblings. I dedicate this work to my grandfather.

Before presenting this dissertation, I would like to take this opportunity to acknowledge the valued support of several important people during this journey. First of all, I would like to thank my doctoral supervisor Professor Dr. Rudolf Wimmer, who mentored me throughout the entire process of this dissertation. His expertise in both leadership in family firms and especially in guiding students during the process of compiling a study of this significance was irreplaceable and

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invaluable. His knowledge and interest in the topic, continuous and patient support, and his wisdom are greatly appreciated. By the same token, I would also like to thank Professor Dr. Heiko Kleve, who acted as my second supervisor on this journey.

This work would not exist without the 13 participating family businesses from Germany and Austria, to whom I would like to express my gratitude. Forty-one interviewees – siblings, family members and non-family managers – played the most important part in building this thesis. Thank you for your time, patient and especially your trust during the entire process.

Lastly, I would like to thank my family and friends for their emotional and enduring support during this journey. They provided valuable advice, from practical and theoretical perspectives, and encouraged me throughout the entire process of compiling this work, for which I am deeply grateful. It goes without saying that this ride would have been much rougher without your ability to listen, your constructive advice, your proofreading expertise and your encouraging words. Thank you!

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

List of Acronyms

CEO	Chief Executive Officer
cf.	Latin: *confer*; English: compare
CFO	Chief Financial Officer
COO	Chief Operational Officer
CSO	Chief Service Officer
CTO	Chief Technology Officer
D-A-CH	Germany – Austria – Switzerland
DMFB	Development Model of Family Businesses
e. g.	Latin: *exempli gratia*; English: for example
ed.	edition
Ed. (Eds.)	editor (editors)
et al.	Latin: *et alia*; English: and others
etc.	Latin: *et cetera*; English: and so on, and so forth
EUR	EURO
GDP	Gross Domestic Product
i. e.	Latin: *id est*; English: that is, in other words
n.d.	no date
OLC	Traditional Organisational Lifecycle
p. (pp.)	page (pages)
para. (paras.)	paragraph (paragraphs)
Prof.	professor
PwC	PricewaterhouseCoopers
RBV	Resource-based View
SEW	Socio-emotional Wealth
TMT	Top Management Team
vs.	versus
WIFU	Witten Institute for Family Business
WWII	Second World War

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ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

List of Figures and Tables

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

1. Introduction

"Where once a business was almost invariably handed down from a father to a son, we are seeing a major shift in which businesses increasingly are passed from a founder to a next-generation team of siblings."(Aronoff & Ward, 1997, p. 5)

1.1 The Background of the Topic

Family businesses often receive special attention from the media and general public that can be ambivalent in nature. On the one hand, family business are widely acknowledged for their influential and vital role across all economies and societies (Gersick, Davis, McCollom Hampton & Lansberg, 1997, pp. 2; 25), and on the other hand, it is also widely known that family firms are magnets for conflicts. More often media tend to discuss on negative headlines such as their mortality rate, family conflicts (Davis & Harveston, 2001; Kellermanns & Eddleston, 2004), and dynamic relationship scenarios, such as the famed Wars of the Roses (e.g. Bahlsen and Lorenz, Puma and Adidas) instead of their crucial importance to the well-being of all societies.

Family firms *"are the most prevalent form of business organisations in the world"* (Sharma, Melin & Nordqvist, 2014, p. 1) and are therefore responsible for the welfare of society and the economy in every country. In fact, conservative estimates show that 65 %–80 % of all companies worldwide are considered family firms (Gersick et al., 1997, pp. 2; 25), contributing a significant proportion of the Gross Domestic Product (hereafter, GDP). Especially in the D-A-CH region (i.e. Germany, Austria and Switzerland), family businesses are considered the backbone of the economy as approximately 88–91 %[1] of organisations are family businesses that contribute between 42 % and 58 % to the GDP (PwC, 2012; Stiftung Familienunternehmen, 2014; WKO, 2018).

1 The volatility can be drawn back to the used definitions.

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Family businesses have been around for a long time. *Hoshi Ryokan*, a Japanese hotel that was founded in 718, has been declared the oldest family business in the world (KPMG, 2016). The oldest European family firm, which was founded in 1000, is the wine castle *Château de Goulaine* in France. In the D-A-CH region, the oldest family business is the *Hotel Pilgrim Haus* in Germany, founded in 1304 (O'Hara & Mandel, 2002), followed by the romantic Austrian *Hotel Gmachl* that was established in 1334 and is currently led by the 23rd generation (APA-OTS, 2019). Thus, the longevity of these family businesses is remarkable when considering that studies show that the mortality rate is high. Having said that, evidence reveals that only 30 % survive the first generation, 10–15 % the second and only 3–5 % successfully operate beyond the third generation (Grote, 2003; Handler, 1994; Lansberg, 1988; Shanker & Astrachan, 1996). Besides the limited professionalisation process of leadership and ownership, the closely linked interests of both systems – *family and business* – and the resulting extraordinary potential for conflicts over a long period of time (Wimmer, Domayer, Oswald & Vater, 2018, p. 5), authors agree that the primary reason for the high failure rate is conflict-laden dynamics that emerge within the family system (Goldberg, 1996; Ward, 1997).

In order to achieve their overall goals, every organisation requires leadership that will cope with today's vibrant environment in an effective and efficient way. Leaders in businesses implement action plans that are responsible for the success or the failure of the business. Their vision, values and abilities are key to guiding the business in the right direction in essential tasks such as strategic direction, efficient organisation, effective relationship management, satisfied employees, customers and suppliers. In fact, research show that family firms regularly outperform their non-family counterparts, yet they are also known as *"fertile fields for conflict"* (Harvey & Evans, 1994, p. 331) as a result of division between the family and the business. The difference between non-family and family businesses therefore lies in the unique and intense relationship between the two systems: *business* and *family*. As the word 'family' already signifies, on top of the usual business concerns, family firms need to observe and manage another influential part of the business – the family layer. In contrast to a non-family business, family businesses consist of both the business dimension and the family dimension – two systems with their own rationales. As a result, family businesses show unique structures which involve complex dynamics that strongly impact one another. The blending of two interrelated yet different realms – the rational world of business and the emotion-laden sphere of the family – creates a system with high potential for complexity and conflicts (McCann, Hammond, Keyt, Schrank & Fujiuchi, 2004). Consequently, leading a family firm can be considered as more complex than leading non-family firms, as both systems – family and business – and their environment need to be managed. Thus, in addition to the

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daily challenges within the family business, the second system – the family – needs effective management (Olson et al., 2003). Although it is well known that family firms face a unique set of leadership challenges, little is understood in the field of family business – especially when two or more family members attempt to share the leadership of the family business.

Co-leadership in family firms has become a common leadership phenomenon (Cater & Justis, 2010). Whereas the family business was once handed over to the first-born son, family business leaders nowadays tend to transfer the reins to multiple children. Thus, co-leadership as well as co-ownership of multiple family members has become common practice in family firms and this has been recognised as one of the most substantial changes in the family business scene (Aronoff, 1998). Although, co-leadership by two or more siblings is considered highly hazardous, as Friedman stated: *"relationships among siblings are a rich broth of love and hate, care and abuse, loyalty and betrayal"* (Friedman, 1991, p. 6), siblings' co-leadership concept[2] is known as the most common as well as controversial co-leadership construct of family firms.

1.2 Research Interest

"We haven't spoken in 26 years. He doesn't need a brother; he needs a doctor!"

These were Adi Dassler's words when the news of his brother Rudi Dassler's imminent death reached him in the 1970s. It is considered one of the most public and lifelong duels of two competitive and dogged brothers who once started as a promising team and ended as bitter enemies (Köhn, 2017). The famous sibling rivalry story of the Dassler brothers was portrayed in a movie, as well as in several documentaries and books. It took place shortly before the Second World War in 1920, when Adi and Rudi Dassler took over the family business from their father. With their joint powers of persuasion, their father approved their aim to change their small shoemaking firm to a sports shoemaking family business – namely *Gebrüder Dassler, Sportschuhfabrik*. Thereby it was clearly visible that their different personalities allowed them to complement each other: Adi, an introverted, creative and talented inventor, and Rudi, a people's person and charismatic salesperson. However, those differences in personality let to years of unbearable conflicts and disagreements the Dassler brothers decided to end their era and split the company into two companies: Adidas and Puma, and a never-ending era

2 For the purpose of this study 'co-leadership construct', 'sibling partnership', 'sibling team' and 'co-leading siblings' are used interchangeably and synonymously. They refer to two or more siblings with familial bonds leading the family business in the top management team and who have a major influence on strategic decisions.

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of bitter disputes began. Not only did their personal dispute led to a split of the company, it also irreparably divided the family and they never spoke again. Thereby the fight between both companies did not stop when the Dassler siblings died; their sons not only took over the businesses but also the competitive and abhorrent behaviour towards the business of the cousin (Köhn, 2017; Smit, 2010).

There are several examples such as the above. The Bahlsen brothers, for instance, co-led the family business as the third generation for several years before they ended the long-standing leadership fight by splitting the company into *'salty'* and *'sweet'* division (Weißenborn, 2010). The Albrecht brothers managed to successfully separate their business into geographic areas – Aldi Nord and Aldi Süd – and therefore found a way to independently lead their businesses (Brück, 2008). In contrast, an example of a successful team leadership of siblings is the Leuchtturm-Gruppe, a well-known German family firm and recently named *'Familienunternehmen des Jahres 2019'*, which has been successfully co-led by two brothers for more than 15 years (WELT, 2019).

Thus, successfully and sustainably co-leading a family business with one or more siblings can be considered as the king's class of leadership. Besides coping with today's fast-moving and complex environment, co-leading sibling teams need to manage another important aspect – their biological bond. As *"relationships among siblings are a rich broth of love and hate, care and abuse, loyalty and betrayal"* (Friedman, 1991, p. 6), it comes as no surprise that co-leading sibling teams are considered highly hazardous and fragile. As mentioned before, disagreements and conflicts between siblings can have a catastrophic impact on the relationship between the siblings and the family, the efficiency of the business, the business in general and on the economy and society as a whole.

Although the construct more often gets discredited, research shows that a significant proportion of family firms is currently co-led by siblings and, furthermore, aim to hand over the business to a team of siblings. For example, a study in America showed that more than 40 % of family business leaders aim to handover the business to a co-chief executive officer (hereafter, co-CEO) leadership team (Glavin, Astrachan & Green, 2007). A recent study in Germany shows that approximately a quarter of family firms plan to hand over the business to a team of siblings (PwC, 2016).

Having said that, it is somewhat surprising that research in the academic field of family businesses and precisely on sibling succession and co-leadership of siblings is limited. Several authors have dealt with succession and co-leadership of multiple successors but without empirical application (Aronoff, 1998; Brockhaus, 1994; Rutherford, Muse & Oswald, 2006). Numerous studies have been published on family dynamics (Cater, Kidwell & Camp, 2016), teams (Cater & Justis, 2010; Cater & Kidwell, 2014; Farrington, Venter & Boshoff, 2012; Schjoedt, Monsen, Pearson, Barnett & Chrisman, 2013), the most effective team

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designs in family firms (Farrington et al., 2012), conflicts among siblings (Aronoff & Ward, 1997, p. 9; Baus, 2012, p. 5; v. Schlippe, Nischak & Hachimi, 2008, p. 65) and sibling rivalry (Avloniti, Iatridou, Kaloupsis & Vozikis, 2014; Grote, 2003; Leder, 1993). Lansberg (1999), for example, indicated that co-leading a business as siblings is challenging due to the interpersonal conflicts. Farrington, Venter & Boshoff (2010), Cater & Kidwell (2014) and Cater et al. (2016) identified several essential elements needed to build a team of siblings, and Farrington et al. (2012) found that physical resources, skills and strategic leadership are vital to the success of a sibling team. Despite the importance of the longevity of family firms and the forecasts of increasing sibling team constructs, only a few studies have examined the dynamics of successor teams. Hence, no established theory exists that describes the behaviour and dynamics of a team of siblings within the context of family firms.

The study therefore concentrates on the following three research questions:

(1) Why are some co-leadership constructs of siblings more successful than others?
(2) What are the essentials needed to build and maintain a promising successor team of siblings?
(3) To what extent does the succession process influence the success and the longevity of a co-leading sibling team?

The aim of this study is to shed light on the teamwork of siblings in family firms. It seeks to identify factors that influence co-leaders to ensure the longevity of co-leading sibling teams. Given the high mortality rate of sibling teams, the lack of knowledge among business owners and researchers, the economic significance and the increasing number of firms that are being passed on to teams of siblings, it is important to gain insight into the phenomenon of sibling teams to ensure their success.

1.3 Research Design

To unpack the aforementioned research questions on co-leading siblings in family firms, the qualitative multiple-case study research method was considered the most appropriate research design. Figure 1 below briefly outlines the foundation of a successful study – *the research design* – from planning to realisation.

The multiple-case study approach can be defined as *"an empirical inquiry that investigates a contemporary phenomenon in-depth and within its real life context, especially when the boundaries between phenomenon and context are not clearly evident"* (Yin, 2014, p. 2).

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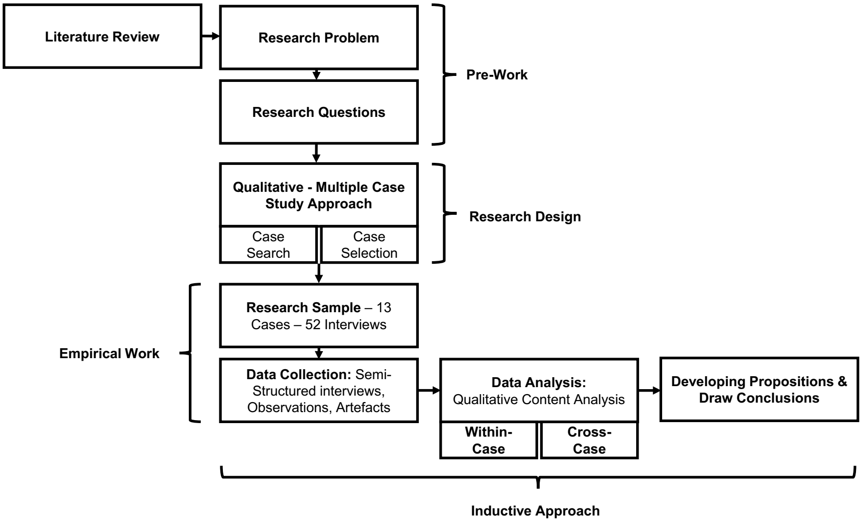

Figure 1: Research Design (Source: author's own illustration)

Thus, the underlying research is primarily based on qualitative multiple-case study research tools, such as semi-structured interviews, direct observation, company documentation, artefacts and archival records. As a purposive sampling method was used (Easterby-Smith, Thorpe & Jackson, 2012, p. 228), it was necessary for each currently co-led firm to fulfil the following criteria:
- 100 % family owned and managed
- Experienced at least one leadership succession
- Two or more siblings share leadership of the family business
- Co–leadership for at least five years
- Headquarters in D-A-CH region
- Participants are not direct competitors.

Finding and acquiring relevant case studies that were willing to talk about sensitive and private topics was more challenging than expected. In the end, the sample was formed by nine family firms that are currently co-led by two or more siblings, and four firms that were once co-led by two or more siblings, all from the D-A-CH region. Thus, a total of 13 firms significantly increases the robustness of the underlying sample.

To gain extensive insights into the dynamics of co-leading siblings, the primary data focusses on three types of interviews, all which are of a semi-structured nature:

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(1) Individual Interview: Siblings were interviewed separately
(2) Group Interview: All leading siblings were interviewed jointly
(3) Employee Interview: One or more non-family managers

The approach of using more than one method to collect data and converge the findings allows the author to use two triangulations. Firstly, the author uses semi-structured interviews, observations and documents, and secondly, semi-structured interviews consisting of three perspectives, namely two siblings and one non-family manager. Triangulation thus increases the overall quality and reliability, as well as the construct validity of the study. Of high importance are the verbal and non-verbal observations, such as interactions between siblings, and between siblings and employees; the building, interior and offices; the siblings' willingness to talk; the difficulty of the first contact; their facial expressions, emotions and clothes; other observations will also be gathered and reported in the post-visit report.

The content analysis method was followed to analyse the interviews by systematically developing categories, subcategories and codes. By combining all three interviews, observations and relevant documents, each case was first analysed individually before cross-comparing all 13 cases. Hence noticeable differences and similarities in cases were identified, and interferences were highlighted and later discussed. Finally, the laurels could be collected by drawing propositions from the collected and analysed data.

1.4 Relevance of the Study

Family firms are the most dominant form of organisations worldwide and illustrate their significance and relevance for any economy and society. Research by Poza & Daugherty (2013, pp. 1–4) revealed that 80–98 % of all businesses in the world's free economies are family firms, generating 70–75 % of the GDP in most countries and employing 50–75 % of the working population around the world. Rather conservative estimates assume that 65–80 % of all companies worldwide are considered family firms (Gersick et al., 1997, pp. 2; 25) which contribute a significant proportion of the GDP. In Europe, similar numbers can be seen; 70–80 % of all firms are considered family firms, employing 40–50 % of the workforce (Mandl, 2008). In the D-A-CH region – Germany, Austria and Switzerland – one can find similar data on the significance of family businesses to economies. In Austria, 90 % of all organisations are considered family businesses (WKO, 2013, p. 3). Similar results are seen in Germany, where 90 % of organisations are controlled by a family (Stiftung Familienunternehmen, 2019; v. Schlippe, Groth

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& Rüsen, 2017, p. 23) and in Switzerland 75 % of all SMEs are considered family businesses (Credit Suisse, 2016).[3]

Although the data mentioned above are not fully comparable as different definitions of the term *family firms* are used, it is clear that family businesses are predominant in the D-A-CH region. To guarantee the longevity of family firms and thereby contribute to the overall survival of the economy, successfully leading a family firm is therefore crucial for the welfare of the economy and society as a whole in the D-A-CH region. It becomes even more apparent when considering that between 2018 and 2022, approximately 150,000 German family firms face a handover (Kay, Schlömer-Laufen, Suprinovic & Rauch, 2018), and 27 % of all Austrian family firms (KMU Forschung Austria, 2014) and 25 % of Swiss SMEs (Christen et al., 2013, p. 18) are planning on handing over the business to the next generation.

The significance of the topic at hand is thus further highlighted as it is assumed that the majority of family firms fail on the construct of siblings co-leading a business; and yet a significant number of family firms aim to hand over the firm to a team of siblings. In Austria, for example, 11 % of all family firms consider a sibling team succession (KMU Forschung Austria, 2014); in Germany the numbers are much higher: approximately a quarter of family firms aim to hand over the business to a team of siblings (PwC, 2016). In fact, recent evidence indicates that handing over the business to a team of sibling has become the most used form of leadership transition in Germany (Baus, 2012, p. 4).

With regard to the unchanged social and economic relevance of family businesses, the significance of their survival has become more important than ever. With the increasing practice of siblings co-leading a family firm, their high mortality rate and the limited knowledge available, gaining further insights into how sibling teams design their teamwork not only provides useful information for family businesses, but it also provides insights to the entire family (i. e. active and non-active), the consultants and the non-family managers. Last but not least, the underlying study provides relevant knowledge for incumbents aiming to hand over the business to his/her children, the current and future co-leading sibling teams.

1.5 Structure of the Book

The book is divided into three chapters and 7 sections headed by the underlying introduction. These three chapters are: Chapter A: Theoretical Framework; Chapter B: Analysis and Discussion of Empirical Findings; and Chapter C:

3 The volatility can be drawn back to the used definitions.

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Conclusions of the underlying Research. This section – Introduction – gives a brief overview of the book and describes the background of the study, outlines the problem statement and research design, and sketches the relevance of the study. For greater clarity, the contents of the three chapters are graphically displayed in Figure 2.

Chapter A: Theoretical Foundation

This chapter forms the theoretical basis for the thesis and consists of the three relevant literature streams – family business, business families and business siblings, and leadership and co-leadership of family firms. Thus, outlining the main theoretical models and concepts leads to the findings and assumptions regarding co-leading sibling teams. The chapter aims to elaborate on the existing literature which again forms a solid foundation that leads to the research gap and to the resulting research questions. The chapter closes with a brief overview of the methodological approach and research design the study followed.

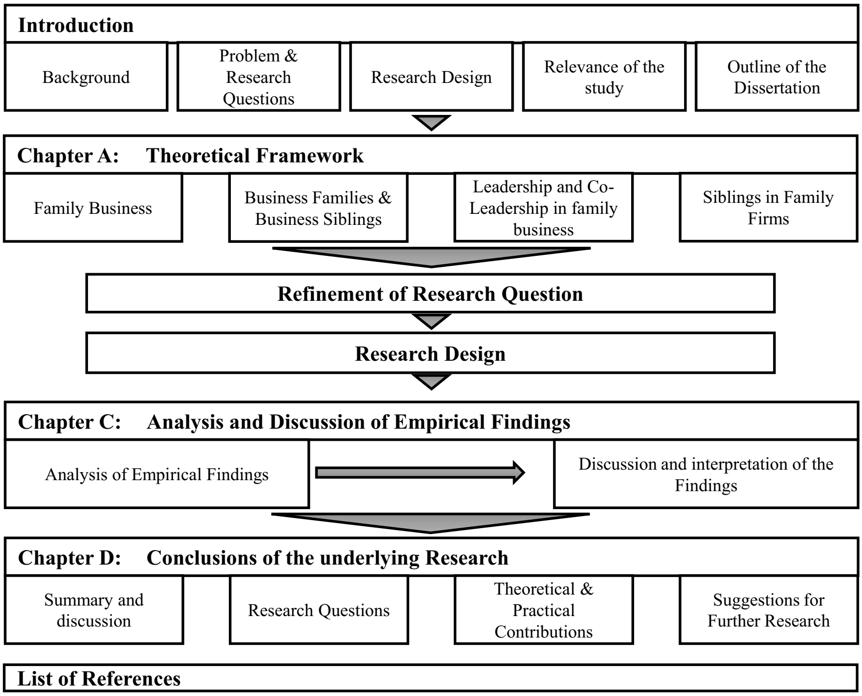

Figure 2: Structure of Manuscript (Source: author's own illustration)

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Chapter B: Analysis and Discussion of Empirical Findings

This chapter begins with a detailed overview of the overall research sample that was again divided into two subsamples: current co-leading sibling teams and former co-led sibling teams. The analysis of the 13 conducted cases is divided into three main analysis layers: business family; family business; and co-leadership – followed by one extra field: the function of the advisory board. It discusses and interprets the findings and compares them with current knowledge of the literature stream on leadership of family firms and siblings in family businesses. Ultimately, it reveals and describes phenomena of co-leadership constructs of two or more siblings in family firms.

Chapter C: Conclusions of the Research

The last chapter of the thesis consolidates the previous chapters in a summary. The main results are presented along with the research questions before theoretical contributions and practical implications are discussed. Methodological limitations of this thesis are outlined before giving specific and valuable suggestions for further research.

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Chapter A: Theoretical Framework

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2. Family Business

Family firms are considered global phenomena. In all world regions they play a most significant role and are internationally regarded as the driving force behind economic growth, job creation and social stability. As there is no uniform and globally accepted definition yet, fluctuating numbers of family firms were published by different authors. Rather conservative estimates assume that 65–80 % of all companies worldwide are considered family firms (Gersick et al., 1997, pp. 2; 25) which contribute a significant proportion to the GDP (Anderson & Reeb, 2003; 1983; Family Business Institute, 2017; La Porta, Lopez-de-silanes & Shleifer, 1999). In the D-A-CH region in particular, where approximately 88–91 %[4] of organisations are considered family businesses, contributing between 42 % and 58 % to the GDP, family businesses are considered the backbone of the economy (PwC, 2012; Stiftung Familienunternehmen, 2014; WKO, 2018).

Despite its economic importance and its predominance role worldwide, the research field of family businesses only recently received an increasing amount of attention (Klein, Astrachan & Smyrnios, 2005; Sharma, 2004). Much has been published on the differences between family businesses and other forms of organisations, as well as the dissimilarities between business families and non-business families. Concepts such as components-of-involvement and the essence approaches, the F-PEC scale, the resource-based view, the socio-emotional wealth theory, as well as all sorts of social system theories have been used to approach family firms and describe their uniqueness. Thus, the interplay of the family and the business systems, and the resulting influence of one or more families on the development of the business and vice versa, are considered unique to this type of organisation (Wimmer et al., 2018, p. 18). The area of conflict between factual decision making on the business side and emotional sensitivity on the family side therefore leads to a rare situation. The main feature lies in the interaction of two clearly distinct social systems that follow different development logics – *the family and the business* (Wimmer & Gebauer, 2004).

4 The volatility can be drawn back to the used definitions.

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This being said, the academic research field of family businesses is steadily increasing in quality and quantity, but it can be said that it is still in the early phases.

The underlying section starts with the attempt to define the term *family business* and then continues with the most prominent concepts used to portray the complex system of family firms. To provide a comprehensive understanding of the current state of affairs, both academic and practitioner-based literature was reviewed.

2.1 Defining the Term: Family Business

While the family business literature stream is constantly increasing in quality and quantity, academics, professionals and family business owners have not yet agreed on a widely accepted and legal definition (Chrisman, Chua & Sharma, 2005; Handler, 1989; La Porta et al., 1999; Sharma, 2004; Simon, 2012; L. P. Steier, Chrisman & Chua, 2004). The lack of an official and uniform definition has created a serious credibility gap as the usage of different definitions makes comparisons of research studies difficult. Consequently, the academic field of family business has been criticised by other academics, business professionals and other academic disciplines.[5]

Generally, family business definitions are focussed on some combination of the typical components of the family involvement in the business: ownership, management, governance and transgenerational succession (Chua et al., 1999). One of their principal objectives, and the one that clearly differentiates family firms from other types of organisations, is the continuity of their leadership and ownership structure; hence family businesses thrive on handing over the business to the next generation (Simon, Wimmer & Groth, 2012, p. 13). For the purpose of this study, the essence approach definition by Wimmer, Domayer, Oswald & Vater (2018) is used. They refer to a business as a family firm:

> "Wenn sich ein Wirtschaftsorganisation im Eigentum einer Familie oder eines Familienverbandes befindet und diese deshalb einen bestimmenden Einfluss auf die Entwicklung des Unternehmens nehmen kann." (Wimmer et al., 2018, p. 7)

Hence, a relevant and significant influence on the politics and strategic orientation of the company by one family is needed in order to refer to it as a family

5 The use of different definitions led to the problem of comparing research studies and thus serious attention on the used definition needs to be given when trying to generalise. The differential differentiations also occur from one country to another. Researchers identified 90 different definitions across Europe. These mostly require major influence on ownership and management of one family (Mandl & Obenaus, 2008).

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business. This rather broad definition allows for a variety of possibilities on how the business family is connected to the family business, and in what sense they exert their entrepreneurial influence (i. e. as owners and/or employees). Having said that, the definitional term includes smaller family businesses which mainly employ family members, mid-sized family businesses that are led by family owners in an executive level, and bigger family firms that are managed by non-family managers and in which the family plays an influential role via an advisory board (Wimmer et al. 2018). In this study, 'a significant influence' is defined as the active involvement of at least two siblings in the top management team of the business. The broad perspective focusses on the diverse and unique connections between family and the business, and emphasises the main attraction – the unique hyphenation of the family and the firm – rather than on the particular size of the company (Simon et al., 2012, p. 16).

Although almost every definition of a family business highlights the main distinctive feature compared to non-family firms – namely the influence and impact of the family on the firm – a clear, unified distinction between family and non-family businesses is still missing (Chrisman et al., 2005; Miller, Le Breton-Miller & Scholnick, 2008). Having outlined the definitional dilemma, the following sections describe the most used conceptual frameworks in family business research.

2.2 Distinct Nature of Family Businesses

The close association of private and business structures indicates features that are unique to family businesses and cannot be found in non-family firms. While there is an extensive list of characteristics that define the distinct nature of family firms, only the most relevant features will be presented in the following pages. It is important to note that definitions summarised by Chua et al. lack a theoretical basis for explaining "*why family involvement in a business leads to behaviours and outcomes that might be expected to differ from non-family firms in non-trivial ways*" (Chua et al., 1999, p. 556). Consequently, family business researchers began to develop and introduce conceptual frameworks based on the behaviour and the purpose of family businesses to better describe the complexity of family firms. They further describe the influence of a family on the business and help to differentiate family firms from non-family firms.

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2.2.1 The Components-of-Involvement and the Essence Approach

The most recent and frequently mentioned and used research approaches were the *components-of-involvement* and *essence approaches*[6] (Chrisman et al., 2005). The *components-of-involvement approach* is based on the belief that the involvement of the family is sufficient enough to call a firm a family firm, whereas the *essence approach* is based on the idea that the involvement of family is an essential condition when considering an organisation, a family business. The involvement of the family in the business is measured by its impact and influence of the family on the business through ownership, management and/or governance (Mazzi, 2011; Zellweger & Sieger, 2010). Therefore, the impact of the family differs from business to business and is visible in the company culture, in managing human resources and in long-term management decisions. The degree of control and influence of a family depends on the family as well as on the business itself, and can be executed in different roles, such as on the advisory board, supervisory board and management board, and in shareholder positions (Simon et al., 2012, p. 16).

Several theorists criticised the approach because, although the involvement can be measured as a percentage by components such as the level of family control or family management, it does not consider why certain components are important and whether those components bring advantages over non-family firms (Chrisman et al., 2005). This has led to the essence-of-family-involvement approach which argues that the actual behaviour of the family members in the business should be the focus, instead of on the percentage of family ownership: *"The components merely make the essence possible. The existence of the components may be necessary but not sufficient; they must have been used to create the essence that makes the business distinct from non-family firms"* (Chua et al., 1999, p. 24). The value of the essence approach is theoretical in nature and it has the potential to contribute to a theory of the family firm (Chrisman et al., 2005; Zellweger, Eddleston & Kellermanns, 2010). However, the disadvantage of the essence approach lies in the detail that family behaviours and visions are more difficult to measure than, for example, the number of shares a family has in ownership (Basco, 2013; Chua et al., 1999; Mazzi, 2011). In addition, both approaches do not elaborate on why a family member becomes involved in the business beyond the level of normal mangers or owners (Zellweger et al., 2010).

6 Also called intention-based approach, according to Mazzi (2011).

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2.2.2 The F-PEC Scale of Family Influence

For a multidimensional view of the influence of the family, a further approach is given by the *F-PEC Scale*, proposed by Astrachan, Klein & Smyrnios (2002). It combines the elements of the components-of-involvement and essence approach and defines three critical dimensions for measuring a family's influence on the decisions and behaviour in a company: (1) *power*; (2) *experience*; and (3) *culture.* Thus, the F-PEC model operates as an instrument that outlines the influence of the family on the family business – directly or indirectly.

The first dimension – *power* – mirrors the influence of the owner family on the family business via their equity holder status as shareholders, their active involvement in the management and/or in governance structures, such as an advisory board member. In addition, Astrachan, Klein & Smyrnios (2002) indicate that besides influencing family members, individuals who indirectly influence, such as individuals who were appointed by family members (i. e. non-family members) should be considered. The second dimension – *experience* – measures the increase in experience over generations, as well as the number of family members who are involved in the family business. It is assumed that an increase in knowledge and experience within the firm happens from generation to generation (Astrachan et al., 2002; Klein et al., 2005; Mazzi, 2011). The third and last measurement – *culture* – assesses the overlapping values and norms of the family and the business, the communication and conflict in management, and the commitment of the family to the business (Astrachan et al., 2002; Klein, 2004, pp. 14–16; Klein et al., 2005).

Thus, the F-PEC model illustrates the power of ownership, governance and management involvement of a family, their knowledge and experience over generations, as well as its impact on the business culture (Klein et al., 2005). Holt, Rutherford & Kuratko (2010) and Klein et al. (2005) gave the scale some validation and suggest that the F-PEC Scale comes with the advantage of being a continuous scale and therefore avoids the problem of artificially differentiating family firms from non-family firms.

2.2.3 The Resource-based View and The Socio-emotional Wealth Theory

A concept that is frequently used to describe the uniqueness of family firms is the *resource-based view (*hereafter, RBV*)* that intends to answer the question of why some firms outperform the others. It is seen as *"the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business"* (Habbershon & Williams, 1999, p. 11). The resource bundles that rise when a family has a major influence on a business, give

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the firm a competitive advantage and superior performance, and is difficult to imitate in other businesses: *"families themselves are sources of valuable, rare, inimitable, and non-substitutable resources which in turn can lead to family specific competitive advantages and consequently to superior organizational performance"* (Rau, 2014, p. 321). The complexity increases for family firms because of the ongoing interaction between family and business life. The *family factor* of a sociological and psychological nature, also called the *familiness* dimension, contributes to a unique asset of family firms. The theory analyses and links a firm's internal characteristics and processes (i.e. resources) and performance outcomes (Chrisman, Chua & Litz, 2003; Habbershon & Williams, 1999).

Sirmon & Hitt (2003) identified five resources and characteristics that are family firm-specific and may lead to competitive advantage: (1) *human capital*; (2) *social capital*; (3) *survivability capital*; (4) *patient capital*; and (5) *governance structure*. Human capital was described as the skills, knowledge and capabilities of an individual. It is apparent that, within the context of family firms' human capital, the dual relationship that consists between the personal and professional creates a complex yet unique situation which clearly differs from non-family firms. The social capital is defined as the relationship between individuals or between organisations. The survivability capital is described as the integration of unique resources, thus, *"the pooled personal resources that family members are willing to loan, contribute and, or share for the benefit of the family business"* (Sirmon & Hitt, 2003, p. 343). They describe the patient financial capital as their financial situation, including the limited sources of external financial capital and their effective structure of managing their capital over generations. Governance arrangements of family firms are more often associated with agency costs that occur when management and ownership is separated. Sirmon & Hitt (2003) indicated that family businesses make use of these resources differently to non-family businesses and they are therefore considered a potential competitive advantage.

Another theoretical and rather new approach used in family business research is the socio-emotional wealth model (hereafter, SEW) introduced by Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson & Moyano-Fuentes (2007). It is seen as the extension of behavioural agency theory and is used to explain the behavioural differences of family and non-family firms. It can therefore be described as *"the notion that firms make choices depending on the reference points of the firm's dominant principals"* (Berrone, Cruz & Gomez-Mejia, 2012). In family firms, the SEW preservation is relevant for family principals and therefore the SEW keeping logic is used in strategic choices. In the case of family firms, owners may take uneconomical decisions to preserve socio-emotional endowment (Berrone et al.,

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2012; Gomez-Mejia et al., 2007). The SEW covers *"the utilities family-owners derive from the non-economic aspects of the business"* (Gomez-Mejia et al., 2007).

Berrone et al. (2012) identified the following five scopes of SEW that they labelled as FIBER: (1) *family control and influence*; (2) *family members' identification with the firm*; (3) *binding social ties*; (4) *emotional attachment*; and (5) *renewal of family bonds to the firm through dynastic succession.* The first dimension is related to *particularism* and suggests that personalisation of authority is linked to non-rational factors. Secondly, the level of identification with the firm is considered as one dimension. The third element that seems to be present in family businesses is the binding of social ties, not only towards family members but also with external communities such as suppliers, employees and customers. Fourthly, emotional attachment concerns the emotions of individuals, such as family members, employees, suppliers etc., in the context of family businesses. The fifth dimension is related to the ambition of handing over the family business to the next generation while renewing social bonds within the family in each generation. Preserving the SEW is one of the most important goals for a family business as strategic decisions and choices are based on the above, with which more often family firms accept short-term financial losses. It is clear that preserving the SEW by family business owners is more intrinsic than non-family managers. The five key characteristics clearly show the difference between non-family and family firms, and visibly influence the family business's decision-making process (Berrone et al., 2012).

2.3 The Social System Theory to Approach Family Firms

Among those mentioned before, the social system[7] theory can be considered highly valuable and most suited to understanding and describing family businesses as it is not confined to one scientific discipline. The *modern social systems theory* proposes a new understanding of family businesses by ignoring the role-related explanation and looking more at communication, decision patterns and decision premises (Simon, 2012; Simon et al., 2012; von Schlippe, 2011a; von Schlippe & Frank, 2013; Wimmer et al., 2018). Gersick and his colleagues then advanced a different terminology; while they talked about subsystems, the new social system theory debates about the structural coupling of systems. The theory of social systems uses three circles – *family, ownership and business* – to describe family firms, while observing them as *communication systems* that are independent and linked to each other, but NOT overlapping. The social system

7 The colloquial term 'social system' is used to describe the union of people (e.g. in the family or in the business) (Simon, 2012, p. 10).

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theory helps to understand the behaviour of the system by analysing the elements of communication within the system (Simon, 2012, p. 11). Although differences in the elements and nature of all three systems are significant, both systems express themselves through communication rules (Simon, 2012, p. 11). Furthermore, social system theory clearly indicates that there is a reciprocal effect between those systems. It thus concludes that if a family influences the business, the business also influences the family and consequently paradoxical situations develop. A co-evolutionary element between the family and the business exists, characterised by potential chances and risks which, again, are due to the fact that both systems shape each other sustainably (Wimmer & Simon, 2019). Consequently, the key to the longevity of a family business lies not in economical optimisations, but in the ability to manage the resulting paradoxes (Simon, 2012, p. 26; Simon et al., 2012, p. 23).

2.3.1 Identity and Different Roles in Family Businesses

As mentioned before, first publications date back to the early 1960s, when Calder (1961) and Donnelley (1964) indicated that the interplay of family and the firm – two social systems – should be considered as central to family businesses. Decades later, Gersick et al. (1997) questioned the accurate representation of the *'Two-Systems-Model'* by realising that:

> "Many of the most important dilemmas faced by family businesses (…) have more to do with the distinction between owners and managers than between the family and the business as a whole." (p. 5)

As a result, the theorists extended the two-system model by one more system – namely the *Three-Circle Model* – shown in Figure 3 below. The model consists of three overlapping so-called subsystems – *family, business and ownership* – that ultimately build the family business system. Each of these circles operate according to their own "*norms, membership rules, value structures and organizational structures" (Gersick et al., 1997, p. 5).* Each individual can belong to one, two or all three subsystems and therefore each of them has to follow different roles and expectations, again leading to role conflicts (Tagiuri & Davis, 1996).

Gersick et al. (1997) describes the model as "*[…] as a very useful tool for understanding the source of interpersonal conflicts, role dilemmas, priorities, and boundaries in family firms*" (p. 7). Each system reflects different expectations concerning emotional, economic and financial goals, and each subsystem represents different values and expectations (Gersick et al., 1997, p. 16; Lansberg, 1983, p. 40; Tagiuri & Davis, 1996, p. 202). A family member wants solidarity in the family, the owner favours high yields, and the managers of the company are

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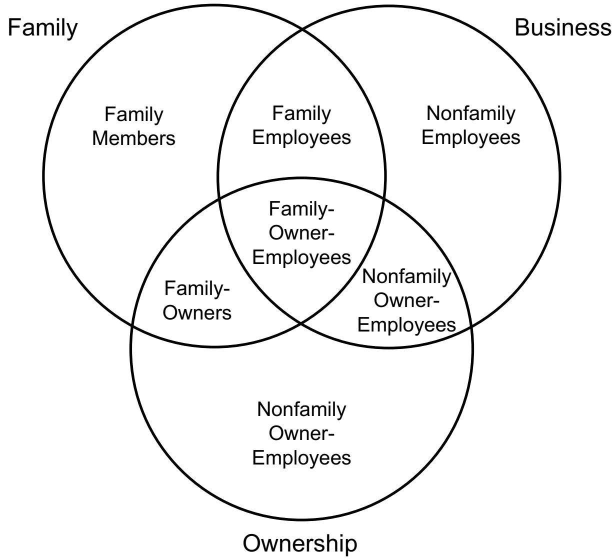

Figure 3: Three-Circle Model of Family Businesses (Source: Gersick et al. (1997, p. 6) and Tagiuri & Davis (1996))

interested in the well-being and success of the company. Consequently, conflicts of interest exist derived from different expectations and values within the private and business context. This illustrates the complexity of family firms and the role allocation of each member within the context of a family business, mirroring the simultaneous and overlapping roles of participating individuals – *"overlapping memberships"* (Tagiuri & Davis, 1996, p. 201). The three-circle model represents three partly transecting circles and clearly shows the complexity of family businesses (Gersick et al., 1997, p. 7). It is therefore accepted that the success and the longevity of family businesses depends on the close link between the family and the business (Simon et al., 2012, p. 16).

2.3.2 The Co-evolutionary Unity of Family, Business and Ownership

Recently, German researchers criticised the role-related perspectives proposed by Tagiuri & Davis (1996), and emphasised the dynamics missing in such social processes. In line with Luhmann's system theory[8], that influences many disciplines such as nature and social science, family therapy and organisations consultants are able to examine social systems in society. Having said that, social

8 cf. Luhmann (2001, 2011).

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system theory is transferable to the firm and the family as social systems (Simon, 2012, p. 10). The term *social system* is colloquially called the unification of people (i. e. in the family or in the business). Thus, the family is viewed as a composed unit (i. e. system) of several elements such as grandmother, father, mother, daughter, son and dog. The complexity increases with the aforementioned definition as each individual is seen as one element of a social system and it becomes difficult to describe the dynamics of a family. Due to the fact that it is simpler to understand the playing procedures of one social system instead of the dynamics of a complex interaction of more, the new social system theory defines social system as a communication system as shown in Figure 4 (Simon, 2012, pp. 11–13).

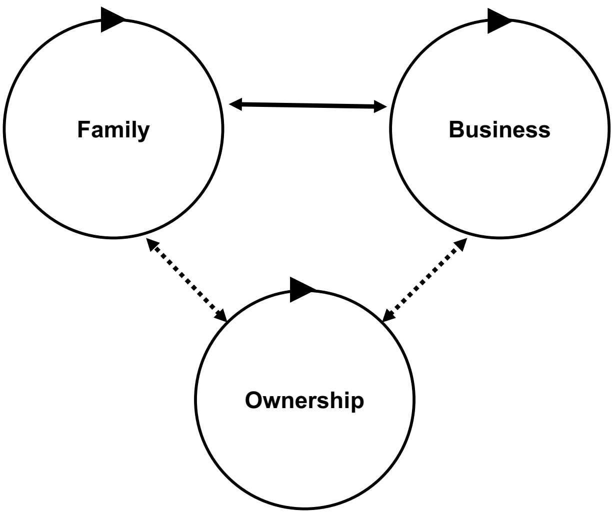

Figure 4: The Co-evolutionary Unity of Family, Business and Ownership (Source: Simon (2012, p. 23))

In line with this theory, social systems are invisible and human bodies in one room do not build a social system. Only the communication and interaction of at least two participants – the transmitter and the recipient – form social systems (Simon, 2012, p. 13). Both are therefore active and react according to the actions of the other party. In the course of time, expectations of mutual acting and reacting – that stabilise reciprocal development and communication patterns – emerge (Luhmann, 1984, p. 193) as Simon (2012) indicates: *"Im Laufe der Zeit entwickeln sich Erwartungen an das gegenseitige Agieren und reagieren, die sich wechselseitig stabilisieren, das heißt, ein Kommunikationsmuster entsteht* (p. 13)." Communication systems therefore exist as long as the reproduction process of communication patterns is kept upright, resulting in *'autopoietic*

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systems'. Autopoietic systems are described as self-organised systems which create and maintain themselves by building inner and outer borders towards their environment (Simon, 2012, pp. 13–14).

The concept was created in accordance with the logics of life processes: *"Solange der Stoffwechsel funktioniert, bleibt die Einheit und Struktur des Körpers erhalten wenn das nicht mehr der Fall ist (=Tod), dann löst sich nicht nur die Innen-außen-Grenze (=Haut) auf, sondern auch die Einheit des Systems, das heißt, der Organismus verwest"* (Simon, 2012, p. 14). In other words, as long as the communication processes which develop or maintain the firm or the family as a distinct unit continue, the business and family will survive, respectively (Simon, 2012, p. 14).

The playing rules of communication and dynamics can easily be compared to the playing rules of soccer or chess. As long as players act according to the predefined rules, the game continues. These rules also determine which communication system belongs to each respective game. Thus, social systems such as family and business differ through their playing rules and therefore through different selection criteria for communication. At the same time, the logics of both systems are closely interrelated, which is a source of complexity as members of the family face different playing rules and are confronted with changing the rules of the game (Simon, 2012, p. 15). Thus, one can conclude that *"was im Lichte der einen Logik richtig erscheint, kann aus der Perspektive der anderen Logik völlig falsch sein"* (von Schlippe, 2014, p. 27).

Developed by the *Witten Institute for Family Business,* the *modern social systems theory* proposes a new understanding of family businesses by focussing more on communication, decision patterns and decision premises than on role-related explanations (Simon, 2012; Simon et al., 2012; von Schlippe, 2011a; von Schlippe & Frank, 2013; Wimmer et al., 2018). The theory of social systems has its origins in three circles – *family, ownership and business* – which describe family firms while observing them as *communication systems* that are independent and linked to each other, but NOT overlapping, as proposed before as stated by von Schlippe:

> "Nicht "Menschen" sind "in" den jeweiligen Kreisen, diese "überschneiden" sich auch nicht wie in der Mengenlehre, sondern es finden Kommunikationshandlungen statt, die entsprechend den unterschiedlichen Logiken auf jeweils unterschiedliche Weise zur Konstitution von Sinn anregen und insofern vollkommen unterschiedlich erlebt werden können." (von Schlippe, 2016, p. 20)

Contrary to Tagiuri & Davis (1996), a social system does not consist of individuals but of communication patterns that are connected and related to each other in a meaningful way (von Schlippe & Frank, 2017). A continous interaction during their life cycles and a mutual dependance to build their own structures exists

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(Wimmer et al., 2018). Therefore, one communiation system repeatedly needs to find a way to connect to the next, as communication patterns of families are totally different to the ones of organisations. Families tend to follow an *'attachment-based'* and organsiations a more *'decison-based'* communication system (von Schlippe & Frank, 2013); therefore, family businesses are in a way *"a fertile environment for conflict"* (Harvey & Evans, 1994; von Schlippe & Frank, 2017, p. 367). Table 1 outlines the major differences between the family and the business system.

	Family System	**Business System**
Behaviour patterns	Emotional	Rational
Orientation	Inside oriented	Outside oriented
Risk attitude	Risk-averse	Risk-affine
Change attitude	Change as a threat	Change as a chance
Evaluation of members	Performance-oriented	Performance-related
Values of the systems	Value per se	Value via earnings
Concept of relationship	Relatives by blood	Contracts
Affiliation of the system	Permanent	Terminable

Table 1: Relationship of Social Systems (Source: Mühlebach (2014, p. 18)

Whereas the playing rules of a family are more person-oriented and follow a more psychological path in line with the social needs of their members, the playing rules of a business are more fact based and its dominant aim is to follow and achieve economic goals (Simon, 2012, p. 20).

Contrasting logics in fact- and person-oriented systems and the relating differences in rationalities result in different statuses of individuals in family and firm: *"Einmal fungiert er bzw. seine Arbeit […] als Zweck (Familie), das andere Mal als Mittel (Unternehmen)"* (Simon, 2012, p. 21). Thus, family members who are responsible for the family and the firm need to fulfil and satisfy two contradictory playing rules and logics: the familiar and the economic rationality (Simon, 2012, p. 21). Misunderstandings and the potential for conflict within both systems – family and business – are the consequences as *"in dem einen System wird auf der Basis einer bestimmten Logik kommuniziert, in dem anderen auf einer ganz anderen Logik"* (von Schlippe, 2014, p. 15).

In general, one can say that the bigger and older the firm, the more complex and more diverse the three systems, and the bigger the difference between the playing rules and the resulting dilemma (Simon et al., 2012, p. 24). The difference in the rhythm of change of all three systems is consequently considered problematic. The management of only the business system is not sufficient for the success of the family business. They therefore propose the need for an active

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synchronisation of all three coupled development logics (Simon et al., 2012, p. 19).

2.3.3 Different Rules and Rationales in Systems

Each system in a family business follows different rules and rationales. Whereas businesses follow a more *task-oriented approach*, families aim at a *person-oriented approach.* This follows the public perception that believes that the irrationality – also emotionality – of a family highly influences and affects the rationality of a business, and vice versa. Thus, the logic of decision making in both systems – business and family – has different meanings and has different forms of rationalities. Both types are distinctive, legitimate and have no hierarchical order (Simon, 2012, p. 19).

Consequently, the different rationalities in family firms lead to paradoxes. What seems to be correct from one perspective appears to be incorrect from the other. The systems are organised according to their own rationales and communication logics; hereafter, issues discussed in one system may be understood differently by another social system (von Schlippe, 2016; von Schlippe & Frank, 2013). Hence, pragmatic paradoxes arise and it seems *"whatever you do, it's incorrect"* (von Schlippe et al., 2008, p. 23). For example, a younger brother announces his younger sister as his co-leader instead of his older brother. Using family logic, the older brother understands this decision as *"he doesn't love me; he always favoured my younger sister"*. Family businesses sometimes suffer from the irrationality of their decision making within the family due to the rationality of decision making within the company (Simon, 2012, p. 19).

Communication consists of three different systems – information, messages, and understanding or misunderstanding of those messages and their information – that influence how the selections are conducted. One makes a statement as a *'brother'* (family logic), and the other absorbs the message as a *'manager'* (business logic) which leads to a conflict in the behaviour of both (von Schlippe, 2016). The resulting complexity of these three systems disproves intrapsychological risks that family business owners and managers are exposed to daily. Massive conflict within the family impacts the performance of the company, and changes in ownership, if the company is in financial difficulties, concern the family (Simon et al., 2012, p. 21). A family business possesses resources no other organisation can offer if all three systems cooperate closely and consider each other's rationales, time period and the potential for conflict. Failure to manage the systems – in the case of failing family cohesion or conflict between owners – indicates a high risk potential to the company as a whole (Simon et al., 2012, p. 22). The aforementioned situations apply to perspectives as

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diverse as social and financial achievements, strategies for viability, assessment of justice, duration of relationships, communication rules and momentous, accidental or conscious decisions on membership.

According to Wimmer, Groth & Simon (2009, p. 113), the success of the longevity of multi-generational family-owned firms is based on their ability to cope with these contradictory interests and rationales between family members, the business and the owners. Authors such as Wimmer et al.[9] identified the following systemic paradoxes (2009, p. 114) that highlight the different rationalities and logics that are present in different systems:

Paradox I: The influence of the family as a resource and a risk for the business.
Paradox II: Showing loyalty to the core family and the wider family connection.
Paradox III: Considering short-term (single-)investor interests and securing the future of the business in the long-run.
Paradox IV: Fulfilling expectations for equality of the family and following the demand for inequality on the business side.
Paradox V: Growth in respect of entrepreneurial autonomy.
Paradox VI: Maintaining corporate adaptability and preserving family traditions.
Paradox VII: Satisfying familiar expectations for protection and safeguarding the performance capacity of the business and its governance.

The social system theory provides a conceptual framework in which to analyse and assess family firms. Three different and contradictory logics, active at the same time, can be found within a family business system (von Schlippe, 2014, p. 27). Each of the systems mentioned above follow its own independent rationale, rules and language without any consolidation; rather, an interplaying dependancy connects the two systems – family and business – to each other structurally. As the systems do not overlap, the logic of processed communiction is different: *"There is nothing but communicative acts, and the process of making sense of these acts varies according to the expectation structures that have been established"* (von Schlippe & Frank, 2013, p. 392). In contrast to other models or approaches that differentiate family businesses from non-family businesses, the communication patterns and structures of the three systems are in focus, rather than the roles of individuals and the relationships between them (von Schlippe & Frank, 2013). The challenge of being able to manage these paradoxes is considered one of the most important tasks of a family business, in order to guarantee longevity for future generations (Wimmer & Simon, 2019).

9 cf. Simon et al. (2012, pp. 151–152).

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3. Business Families and Business Sibling

The widely used definition of family businesses by Wimmer et al. (2018) clearly communicates the relevance and the importance of the family to the success of the family business. Family businesses are characterised by the influence and power of one or more families of the business system, either as active managers or shareholders. Being jointly responsible for the success of a firm can be seen as a meaningful and important task for a business family and, at the same time, it distinguishes business families from ordinary families (Wimmer, 2007).

The importance of business families should not be underestimated, in light of their relevance to the success of the family business and ultimately to the entire economy. Having said that, behind every family business stands a business family that faces the challenge of balancing the expectations of family and business (Lueger, Frank & Korunka, 2018, pp. 17–18). To gain an in-depth understanding of the overall picture of family firms, both systems and their logics need to be analysed, as Wimmer et al. (2018) state:

> "Dass man einen realitätsgerechten Zugang zur Eigenart von Familienunternehmen erst dann gewinnt, wenn man sie als Ergebnis der Koevolution zweier, im Grunde genommen einer ganz unterschiedlichen inneren Logik folgender sozialer System begreift, die Eigentümerfamilie einerseits und dem Unternehmen als einen bestimmten Typus andererseits." (p. 9)

Business families are exposed to and confronted with specific challenges that result from the significant influence of the business on their family life. They cannot only develop within their family system; they also need to formally organise themselves via different controlling bodies, such as boards and groups, which structurally differ from other families. Family systems are highly emotional organisms which are driven by feelings that may range from pure love and support to deep envy and jealousy (Kleve, 2019), and more often are in contrast to the business system. Therefore the interplay of both systems is increasingly important for the longevity of family firms worldwide (Kleve, 2019; Wimmer, 2007).

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Considering the relevance of the specific dynamics of the business family and their impact on the sustainable longevity of family firms, it is surprising that research on business families is only at its beginning. As Dyer (2003) stated, the business family is: *"the missing variable in organisational research"* (p. 401). In light of the fast-growing family business research, it became clear that a fundamental theoretical foundation of these specific types of families is missing.

The underlying section starts with defining the terms and then continues with the most famous concepts used to portray the dynamics of business families and business siblings. To provide a comprehensive understanding of the current state of affairs, both academic and practitioner-based literature was reviewed.

3.1 Defining the Terms: Families, Business Families and Siblings

For this research project, it is essential to define not only the term *business family* but also the term *family*, as both have a significant impact on the understanding of the project. It must be considered that the way someone defines the term *family* depends on the value attached and, therefore, on their personal experiences within their families. Definitions vary significantly among countries, cultures and mind-sets, and therefore a high variance can be detected. This comes as no surprise as each individual follows their own different purposes (Kramlinger, 2000, p. 9).

The famous German family psychologist and professor Klaus A. Schneewind defines families as follows:

> "Familien sind biologisch, sozial, oder rechtlich miteinander verbundene Einheiten von Personen, die – in welcher Zusammensetzung auch immer – mindestens zwei Generationen umfassen und bestimmte Zwecke verfolgen." (Schneewind, 2010, p. 35)

Thus, families are biologically, socially and legally connected individuals, comprised of at least two generations and who follow specific purposes or particular goals. The purposes or the goals might include producing certain private goods or services (e.g. the decision to nurture, care for and educate of children or parents) required to satisfy individual and joint needs (e.g. feelings of security and intimacy) (Schneewind, 2010, p. 35).

In contrast to ordinary families, a business family *"hat ein Drittes, das sie miteinander verbindet und das regelmäßig im Zentrum des familialen Geschehens steht: die Sorge ums Unternehmen und seine Kontinuität beziehungsweise um die eigene Rolle in demselben und in dessen Umfeld"* (Wimmer et al., 2018, p. 12). Very few definitions exist and, once again, no universally acknowledged definition has been established (Litz, 1995). The Witten Institute for Family Business (hereafter, WIFU), for instance, published two definitions on the term

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business family. Firstly, it defines business families as: "*A group of people who are related to one another whose development is linked to a company or association of companies owned by an individual family member or several family members;*" And, secondly, a family can be considered as a business family: "*[…] if this group or parts of it are concerned with the issue of how this ownership is to be passed on within the family association*" (Witten Institute for Family Business, n.d., paras. 1, 2).

With regard to the important term within this study, Kasten (2003, pp. 22–23) refers the term siblings to the biological factor, sharing identical or similar genes, as they share the same mother or the same father. Hence, two genetically-related constellations exist: first, siblings have the same parents, and second, they share the genes of at least one parent – either the father or the mother.

In this respect, the definition mentioned above, which defines siblings as individuals who share similar or identical genes from the same parents or at least from the same mother or father – legally or biologically – is used. Hence, step-siblings, adopted siblings and half-siblings are included in the definition as long as they spend most of their childhood together in the same household. The difference between conventional siblings and business siblings is that *business siblings* not only share the genetics of at least one parent, but they also share the responsibility towards their heritage – *the family business.*

3.2 Dynamics of Families and Business Families

As mentioned before, family businesses can be described as a coupling and coevolution of two social systems – *family and business* – that lead to a two-way impact without impeding the self-development of each system (Wimmer, Groth, & Simon, 2004, p. 5). Both systems can support or hinder the other's development and can either destroy or preserve each other (Wimmer et al., 2018, p. 10). Each individual exists in a social system and follows behavioural patterns and rules; such linked individuals live and work together to design a joint life. At least three resources must be present to successfully manage a shared work and home life: (1) *knowledge*; (2) *positive emotionality*; and (3) *structured actions.* Thus, a business family needs specific knowledge, a positive and valued emotional basis for a common and shared work and private life, as well as the necessary structured actions to approach tasks sustainably (Kleve, 2019).

The influence of the family on the business, and vice versa, is mostly linked to the dynamics within the systems itself. Family members are found in both systems and therefore foster two different ways of interaction and communication (Simon, 2011a, pp. 36–37). From a theoretical perspective, business families process relationship communication, family businesses process decision com-

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munication, and ownership operates on the basis of legally secured communication (von Schlippe & Frank, 2013). Thus, in contrast to ordinary families, business family members occupy different identities and roles within the whole system. As a result, family members struggle to cope with these contradictory roles that also place on them a high psychological burden (Simon, 2011a, p. 30) and often lead to conflicts. As each system cultivates different communication characteristics, and each family member has different identities and role expectations within the systems (Simon, 2012, p. 15), it becomes increasingly evident that family members need to cope with the emerging paradoxes (Simon et al., 2012, p. 23; von Schlippe, 2011b, p. 10). In other words, decisions that are considered as correct in one system, might be inappropriate in the other system (Simon, 2012, p. 31). Thus, conflict might be the result and, as conflict within one system more often interfere with the other system, a strict management of paradoxes should be followed.

Harmony within a family is therefore responsible for the success or failure of a family business as *"the strongest influence on the operation of business is the social ties among family members"* (Lee, 2006, p. 177). When conflict arises within a family, it can become apparent that family managers are unable to cooperate and it may impact the efficiency of the business and, in the long-run, affect the future and survivability of the family business (Gudmunson & Danes, 2013; Wimmer et al., 2018). Due to the link between the family and the business, conflicts are – whether originating from the family or from the business – more inclined to upset relations as well as emotions in the family, and vice-versa. Morris, Williams, Allen & Avila (1997), for example, found that harmony within the family is more critical than developing future successors or using a succession plan. Thus, managing the link between the two systems is one of the most important tasks of family members and therefore it comes as no surprise that business family dynamics need to be managed in order to succeed in the family business.

3.2.1 Theories of Business Families

In modern society, the responsibility of a family, besides raising children, is to offer family members privacy, recognition and emotional solidarity, while taking on challenges in the professional world. In contrast, in business families the separation of a professional and private life is not easily accomplished as for ordinary families, and therefore they need to handle and manage further responsibilities: *"Es ist, als ob die Anwesenheit des Unternehmens die Familie dazu zwingt, sich sozusagen zu verdoppeln, einmal private, emotional verbundene Familie und einmal Unternehmerfamilie zu sein, beide Male Familie und doch*

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ganz unterschiedlich" (von Schlippe et al., 2017, p. 98). Kleve (2017) and Kleve & Köllner (2019, p. 5) outline the three main differences between families and organisations, again leading to paradoxical constellations.

The first difference is that in firms, position and function are independent from the person, whereas in business families, the aforementioned cannot be ignored. Secondly, an employee within a business should always be replaceable, which is not the case when a family member holds a position in the business. And the third difference is that individuals are born into a family, whereas the entry into an organisation depends on salary, product and other criteria (Kleve, 2017). The bonding to the business of non-family members might not be as strong as the ties between family members and family businesses.

Business families establish practices and procedures that are atypical for families but typical for organisations. Kleve (2019) distinguishes between three levels of rules in business families: (1) *formal*; (2) *informal*; and (3) *elementary rules*. Business families establish formal rules that describe in detail how to jointly lead and own a business. In contrast to the written formal rules in family constitutions, informal rules in family businesses are considered as recurring communication patterns and structures of behaviours within the business family, such as specific dining table seating arrangements. Elementary rules in business families are considered having universal characteristics that are treated as the basis for the cohesion and development of all systems (Kleve, 2019). These rules are considered as system compliant and are helpful when avoiding conflicts within a business family.

Be Family! → Care about binding and cohesion	**Be a Business Family!** → Takes decisions for the business
Respect and appreciate every member…	… and choose the ones with the best competences for the position or the committee!
See that each member can keep their composure …	… and take decisions, even though one will get hurt!
Create a bond between the family and the company…	… and keep them distant, in order to protect the business from harmful family dynamics!
See that family members feel free and develop themselves…	… and give them support so that they are professionally prepared for possible tasks!
Help them to be themselves…	… and manage the family! Introduce some unknowns in order for them to stay family!
See that they find a consensus and like each other…	… and destroy the consensus, whenever it is important for the family.
Take decisions that are considered unfair to the family…	… and satisfy the business, the owners and the employees!

Table 2: Paradoxes of Business Families (Source: von Schlippe et at. (2017, p. 96))

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Thus, different but also controversial communication rules and decision-making logics occur within both systems. On the one hand, a business family should act like an ordinary family – *emotionally and person-oriented* – and on the other hand, a business family should behave as a family business – introduce professional rules that support the decision-making capability to safeguard the family business (Simon, 2012, p. 30). Consequently, paradoxical situations between acting like a family and taking decisions on behalf of the family business needs to be managed. The paradoxical dual functions that a family is confronted with can be reduced to the following formula: *'be a family'*, and *'be a business family'*, and *'be both at the same time'*, as von Schlippe et al. (2017, p. 96) summarised in Table 2 before. The demanding and challenging management tasks of handling the paradoxical functions of a business family become clear. The dilemma of business families lies in the constant duality in which a family should foster ties and relatedness, and give members of the family the feeling of belonging (Kormann, 2018, pp. 2–3), while acting according to the regulated and organised decision-making systems in the business (von Schlippe et al., 2017, p. 96).

The differentiation between families and business families lies in the fact that the family of the family business continuously moves back and forth between the two systems. The business family is not only one system; the business family oversees the activities in each system and analyses the consequences of decisions made in each system for each system. A business family is therefore characterised by different rationalities, and different expectations of different groups are always happening simultaneously (von Schlippe et al., 2017, pp. 100–102).

3.2.2 The Development of Business Families

Business families and family businesses are often defined and described according to their structural changes. In the context of business families, specific phases in the scope of their family history can be identified. Many studies about the development of business families have been published, the most frequent one being *The Life-Cycle-Concept of business families* by Gersick et al. (1997, pp. 57–103). In this section, the structural and interpersonal developments of the family dimension such as marriage, parenthood, adult sibling relationships, in-laws, communication patterns and family roles are captured.

Gersick et al. identified the following four stages experienced by business families: (1) *young business family*; (2) *entering the business*; (3) *working together*; and (4) *passing the baton.* Unlike the other two axes, the family development model is a one-way road due to the fact that it is driven by the biological aging of

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family members (Gersick et al., 1997, p. 61). Table 3 on the next page shows all four phases including their different challenges and opportunities.

For this study, the development of the business family plays a significant role as it shows how individuals and families move from one phase to another, and which key challenges need to be tackled in each specific stage. In the first stage – *the young business family* – the search for a functioning and supporting partnership, the decision whether to have and raise children, and the development of new relationships with relatives are the main challenges and decisions every individual in a business family faces.

Phase	Characteristics		Major Challenges
	Senior	Junior	
(1) Young business family	< 40 years	If any, < 18 years	– Developing a functional and workable marriage (marriage enterprise) – Fundamental decision about the relationship between family and work – Developing a relationship with relatives – Raising children
(2) Entering the business	35–55 years	13–29 years	– Handling midlife transitions – Separating and individualising of the younger generation – Deciding on the professional path of the younger generation
3) Working together	50–65 years	20–45 years	– Supporting and fostering a cross-generational communication and cooperation – Promoting constructive conflict management – Handling and managing the three-generations of family working together
(4) Passing the baton	>60 years		– Exiting of the senior generation – Leadership succession from the senior to the junior generation

Table 3: The Development of Business and Families (Source: Gersick et al. (1997, pp. 62–102)

The second stage – *entering the business* – includes midlife transition issues as couples or siblings, the separation or letting go of the younger generation, finding their own career paths and forming their own families. Thus, for the seniors this is the time to let go of children as they grow up and relinquish direct control as the involvement increases (Gersick et al., 1997, p. 80). The sibling dynamics are critical at the stage of entering the business; the parents influence the siblings' childhood relationships that progress into adult relationships, which are upheld by the brothers and sisters themselves. This is the time in which siblings actively decide on how much the other siblings play a role in their adult life. Taking the decision to enter the family business means being closely connected to the other siblings for a lifetime – emotionally, job-wise and financially,

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and therefore juniors need to decide which level of connection is workable for them (Gersick et al., 1997, p. 77). This influences a sibling's motivation to enter the family business, and the complexity and challenges of working together as siblings with the senior and without the senior family member. A family needs to manage the complex relations between siblings, and also between siblings and parents.

In the third phase – *working together* – each individual is concerned with the challenging task of working side by side. Complex relations with partners, parents, siblings, in-laws, cousins and children, and today's more complicated adult generation of divorces and remarriages, stepchildren and half-siblings, requires profound management skills. In the context of siblings, the challenge lies in finding the right communication that will enable the development of a team. High-quality communication between family members needs to have the following characteristics: honesty, openness and consistency (Gersick et al., 1997, pp. 85–86). The last phase – *passing the baton* – deals with the succession of one generation to the next. Challenges such intergenerational relationships and aging need to be managed in order to complete a successful passing of the baton. In addition, as business families become more complex over time, more than one family lifecycle will be present at the same time. In fact, when reaching sibling partnership or cousin consortium stages on the ownership axis, family groups may be in two, three or in all four stages at the same time. Thus, the interplay between these family groups in which each individual deals with their own developmental issues creates remarkable dynamics in family businesses (Gersick et al., 1997, pp. 21–22; 61–102).

3.3 Dynamics of Business Siblings

According to a survey conducted by the Statistisches Bundesamt Deutschland[10], the majority of children grow up with siblings. In 2016, 81 % of ten-year-old children in Germany lived with at least one sibling in one household. The most common family structure is the two-child household as almost half of all children live with one sibling and 26 % grow up with two or more siblings. In contrast to the survey conducted in 2006, no major changes occurred in the context of siblings (Statistisches Bundsamt Deutschland, 2018). For most children, siblings play a central and influential role in their lives. Thus, the relationship between siblings is considered the longest social relationship that exists and, besides the parent-children-relationship, is the only relationship that originates with their birth.

10 The survey is based on the micro census that asks 1 % of all households once a year.

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Due to the structural coupling of the two systems, dynamics within the family business are created by the influence of the family, and vice versa. To ensure the longevity of the family business, relationship dynamics and connections are disciplined as well as intensified by the members of the family (Wimmer & Gebauer, 2004, p. 246). The joint possession creates a unique binding between members of the family, greatly influencing the dynamics and experiences within the families. The family therefore takes on a primary function during the socialisation process of family members (Caspary, 2018, p. 134).

Socialisation can be described as the development of a human being and their encounter with their social and material environment, as well as their psychological and physical constitution. Thus, when studying human beings, it is important to understand and analyse the environment that shaped the human being, as Schneewind (2010) states:

> "Wenn man verstehen will, warum ein Mensch so ist, wie er ist, kommt man nicht an einer Berücksichtigung der Einflüsse vorbei, die zu seiner Persönlichkeitsentwicklung beigetragen haben und ihn dazu disponieren, sich mit sich selbst und seiner Welt in einer charakteristischen Weise auseinanderzusetzen." (p. 132)

Socialisation and educational development influence human relationships and personal development and are long attributed to the family. From a sociological perspective, the family as a social group takes on a mediating role between a social partnership (i.e. instituting political, economic, educational, religious and cultural systems) and the individual. While pursuing their role of reproducing, survival and regeneration, the major and central function of a family is the task of socialisation and education (Schneewind, 2010, pp. 131–132).

Growing up within the context of a family business can be considered a unique and special condition as the family business more often already exists when the children were born. Thus, the entire family is oriented towards the continued existence of the business. Simon (2011b, p. 56), in his thesis, considers growing up in a business family as a risk factor and assumes that psychological problems are more common in business families than in ordinary families: "*In einer Unternehmerfamilie aufzuwachsen, ist ein Risikofaktor, das heißt. die Wahrscheinlichkeit, psychische Probleme zu entwickeln, ist in solchen Familien größer als durchschnittlich zu erwarten wäre (p. 56).*" Growing business children into successors of shareholders lies in the largely underestimated situation in which the educators – the parents – also play a significant role in the socialising environment – the family business. The business is often central to every conversation. Also, in bigger family businesses in which a more separated family-business life is fostered, communication about the family business occurs more often than in non-business families (Kormann, 2018, p. 74). In this respect so-

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cialisation, including the education of business children and non-business children, differs substantially.

The line between the family and the business world is unclear, in contrast to non-business families, and a clear separation is simple not possible (Stamm, 2013, p. 27). It is because the company often presents the basis of existence for the family: it is not just a workplace, but also central to the family's purpose in life. Stories of how the founding generation had to work long hours, maybe calling in several family members to help the family firm during busy seasons, are often told to children at the kitchen table. Thus, the everyday life of a family is characterised by the business, and the heirs are not only exposed and confronted by the expectations of their parents, but also by the company, relatives and employees (Caspary, 2018, p. 142).

The development and socialisation of the individual is therefore influenced by the existence and rhythm of the family business (Caspary, 2018, p. 142). García-Álvarez, López-Sintas & Saldaña Gonzalvo (2002) found two phases of socialisation in business families: family socialisation and business socialisation. In the first stage of socialisation – *family socialisation* – general values are transferred by the seniors to all the children. The second stage of socialisation – *business socialisation* – is restricted to the chosen successors and starts with the entry of the successor into the family business (García-Álvarez et al., 2002, p. 200). It is also important to mention that the intensity of socialisation within the family business is linked to the age as well as the size of the family business. In general, the influence of the family on the business, and vice versa, is significantly higher in smaller and medium-sized family businesses than in bigger, multinational family firms. This is because the degree of influence by involved family members in smaller family businesses is higher than in bigger family businesses. Depending on the size of the business and the degree of the family's involvement, it majorly impacts socialisation of the children (Caspary, 2018, p. 131). The more family members actively work in the family business, the more table conversations about the business take place. Thus, the influence of the children's home environment should not be underestimated (Stamm, 2013, p. 191). If parents openly prioritise the family business, it often triggers competitiveness among the children in order to gain attention from their parents (Simon et al., 2012, p. 61). This often results in the children thinking that they can only receive attention from their parents by working in the family business (Gersick et al., 1997, p. 77; Stamm, 2013, p. 191). In contrast to non-business families, working in the family business while attending school or university is seen as the norm.

Another unique feature about the connectivity between family and business is the cross-generational focus of business families (Simon, 2012, p. 95) and their aim to hand over the business to at least one child. The role of the future successor is often already chosen at the time of their birth (Klein, 2004, p. 79) and is

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often still gender-based, as the role of the successor is predominantly assigned to male children. Whenever there are several potential successors, the possibility of increased competition between the siblings is present. Not every child is seen as a successor and therefore an imbalance exists between successor(s) and non-successor(s), which is also seen in the socialisation process (Caspary, 2018, p. 137). The role of a potential successor often carries a double burden as they need to deal with succession plans while also developing their own identity. The attraction of succession is often encouraged by the parents during socialisation (Wimmer et al., 2018, p. 193).

Family plays a very important role in the socialisation of children. Early on, values and expectations are communicated to children, and roles that come with different expectations are assigned. Due to the connectivity of the two systems and their different logics, dynamics and communication patterns, family decisions are often based on the demands and needs of the business. The identity of each member of the family is therefore significantly influenced by the business. To summarise, the intensity of the influence of the business on individuals clearly depends on the size of the business as well as on the degree of involvement by the family (Caspary, 2018, p. 142).

3.3.1 Sibling Relationships and Siblings' Rivalry

The relationship between siblings has been described as *"the most enduring of all familial relationships"* (Stewart, Verbrugge & Beilfuss, 1998) that individuals experience during their lifetime. The sibling bond is one of the most extraordinary and long-lasting (Schneewind, 2010, p. 193–194), and is recognised for being unique because of their shared genetics and social backgrounds: they are the most trusted relatives, they share intimate feelings, they demonstrate a quick exchange of knowledge and emotions as they can communicate without using words, and they have shared memories which binds them (Schneewind, 2010, p. 194). Minuchin (1974) observed the following:

> "The sibling subsystem is the first social laboratory in which children can experiment with peer relationships […] In the sibling world, children learn how to negotiate, cooperate and compete. They learn how to make friends and allies, how to save face while submitting, and how to achieve recognition of their skills. They may take different positions in their jockeying with one another, and those positions […] can be significant in the subsequent course of their lives." (p. 59)

Studies show that children with siblings learn from each other, tend to be more socially competent, are better in seeing other's perspectives and show earlier social-cognitive developments (Dunn, Brown, Slomkowski, Tesla & Youngblade,

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1991). It can also be said that siblings experience their first management situation with one another. Other studies demonstrate that siblings may be faster in learning techniques on how to avoid and manage conflicts (Katz, Kramer & Gottman, 1992, p. 122), a skill which is increasingly important when co-leading or co-owning a family businesses. It is also recognised that individuals with siblings show a faster social-cognitive development and cope better with critical life events (e. g. death in the family, unemployment of parents or divorce of parents) than single children (Schneewind, 2009, p. 19, 2010, p. 193). Likewise, siblings develop a supportive bond throughout their life, which helps them to handle tough situations such as co-leading or co-owning a family business. Business siblings seem to have an extraordinary bond and sometimes it seems even stronger than with their life partners. In other cases, however, a distant relationship exists. Independent of their current state of relationship, the prospect of co-leading or co-owning a family business makes the relationship of siblings unique and extraordinary (Wimmer et al., 2018, p. 228). While ordinary sibling relationships continue due to moral obligations, relationships between business siblings are unavoidable due to the joint responsibility of inheritance and/or leadership of the business. Therefore, a sustainable and stable relationship between siblings is extremely important for a business family (Klein, 2010, p. 82).

The role of the parents during childhood (Friedman, 1991; Lamb & Sutton-Smith, 1982), the number of siblings (Newman, 1996), the order of birth, the siblings' personalities and experiences, and other people play a crucial role in the quality of the sibling relationship during childhood and later in adulthood. Parental attitudes and behaviour, such as comparing and contrasting siblings, can have a profound effect on the intensity of the rivalry between siblings during childhood (Friedman, 1991; Lamb & Sutton-Smith, 1982). It is, however, not clear if these rivalries are transferred into adulthood. Friedman (1991) reveals that *"destructive rivalries can and do persist over the sibling life span"*, and Lamb & Sutton-Smith (1982) indicate a diminishing in intensity of sibling rivalry over the years from childhood to adulthood. According to Kang (2002), sibling relationships in adulthood play a relevant and significant role in influencing their adult life psychologically and cognitively. Thus, the nature of a sibling relationship in adulthood can be considered very complex. Different factors, such as past rivalry in childhood and adolescence, influence the relationship of siblings and therefore also the bond between them (Stocker, Lanthier & Furman, 1997). From a developmental psychology perspective, a change in the intensity and quality of their relationship over their lifetime is apparent. Accordingly, the quality of the relationship decreases in their middle-age and increases in later adulthood and before their retirement phase (Schneewind, 2010, pp. 197–200).

It is widely known that *"relationships among siblings are a rich broth of love and hate, care and abuse, loyalty and betrayal"* (Friedman, 1991, p. 6), and thus

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sibling rivalry plays an important role in the development of siblings. In the context of family businesses, most research on siblings focusses on the rivalry and competition between siblings. It comes as no surprise that rivalry between siblings may destroy family businesses: *"destructive sibling rivalry can also bring about the end of a business"* (Friedman, 1991, p. 4). Sibling rivalry is one of the major reasons for the high mortality rate of family firms (Grote, 2003; Handler, 1994; Lansberg, 1988; Shanker & Astrachan, 1996).

There is some controversy about the roots of sibling rivalry. Friedman (1991), for example, argues that rivalry is a way for siblings to express their individual differences and needs; in some cases, it can be benign; and in others, rivalry between siblings can be malicious and can destroy families and family businesses. Empirical psychologists state that sibling rivalry is created through strong comparisons, often initiated by the parents. In general, sibling rivalry can be defined as the competitive relationship between siblings who aim for attention and affection from their parents (Cicirelli, 1995; Kasten, 2003, p. 36). Cicirelli (1995) suggest that the displacement of the first-born sibling, who suddenly needs to share parental love and affection, is at the root of this. Friedman (1991) outlined three factors that influence the quality of sibling relationships: (1) *intersibling comparisons*; (2) *mode of justice*; and (3) *parental role in conflict resolutions.* Parents are therefore the most important influence on the relationship of their children. Wimmer et al. (2018) indicated the following: *"Erst die offenen oder auch verdeckten Rollen, die Eltern ihren Kindern zuschreiben ("das schwarze Schaf", "der Faulpelz", "die Prinzessin"), machen aus Geschwistern Rivalen" (p. 229).* Some studies show that sibling conflict is a valuable childhood and early adulthood experience, preparing them to voice their opinions and perspectives, and how to negotiate with other parties. Similar studies indicate that sibling conflict is beneficial for the siblings' ability to compromise, take turns and improve their problem-solving behaviour (Stormshak, Bellanti & Bierman, 1996). Klein (2010, pp. 82–83), for example, indicated that the intensity of sibling rivalry in business families is linked to what role the business played in family life. In families in which the business is the prime focus, children aim for the attention of their parents by entering the business. Children, who would usually aim for other professions, rather enter the family business as they are afraid to lose the attention and affection of their parents if they decide to follow their dreams. The results that occur between siblings within the family and the business are rarely positive (Klein, 2010, pp. 82–83).

In the context of different gender, it is said that brother-brother relationships are highly competitive, and sister-sister relationships are considered the closest (Leder, 1993). Other studies demonstrate that there is more conflict with closely-spaced siblings than with siblings who are further apart in age (Furman & Buhrmester, 1985; R. B. Stewart et al., 1998; Stocker et al., 1997), and when one

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child is more intellectually gifted than the other. An older sibling feels less competitive towards a much younger sibling; however, the threat of conflict increases with a bigger age gap (Schneewind, 2009, p. 19). In general, factors such as parental treatment, number of siblings, birth order, personalities, experiences and other people have a major impact on the intensity of sibling rivalries.

3.3.2 Birth Order, Sibling Identification and De-Identification

Gersick et al. (1997) names the following three factors as relevant for relationships between siblings in business families: (1) *birth order*; (2) *dynamics of differentiation*; and (3) *dynamics of identification.* The tradition of primogeniture – favouring first-born males in inheritance – has long been and is still supported by family firms (p. 78). Favouring the oldest male child is for some families *"less a choice than an avoidance of choice"* (Gersick et al., 1997, p. 78), as most families are unable and unwilling to pursue a comparison of siblings and therefore justify using established traditions to free them from the guilt associated with favouritism. Explicit or implicit assumptions that the oldest son will inherit the family business have a strong impact on the dynamics of the family, especially between siblings. The role of 'crown prince' may have a relieving as well as a burdening effect on the development of the siblings' relationship. Often, jealousy and envy mark the sibling relationship that emerges from first-borns and later-borns being treated differently.

Whether birth order influences personality or not has long been studied and more than 2 000 studies have been published since the 1930s (Beer & Horn, 2000; Healey & Ellis, 2007). The most famous and broadly accepted theory is the family-niche model designed by Sulloway (2001). In his book *'Born to Rebel: Birth Order, Family Dynamics and Social Behavior'*, he announces that birth order has the most powerful impact on how individuals react to the world. It is viewed as a good indicator as to what extent individuals accept or rebel against the standards of society. Considering the term *'birth order'*, two categories of birth order can be assessed: *a biological* and *a functional birth order.* Biological birth order is the actual birth order position obtained at birth, and functional birth order position can be considered as the type of environment into which an individual is born (Sulloway, 1996, p. 22). He indicated that both are important to the development of the personality as the order affects the interaction between siblings. Family niches are considered as the key to birth-order effects and therefore Sulloway focusses his research on functional birth order. Functional birth order, unlike biological birth order which does not change, may change over time, for instance, through remarriage and adoption.

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Alfred Adler, a well-known Austrian psychotherapist and founder of the school of individual psychology, assumed early on that based on their birth order in the family, individuals develop differences in their personalities. In this respect, a couple's first child (the first-born) relishes the attention of their parents before they have to share the attention with younger siblings. Adler argued that the trauma that occurs due to the '*dethroning*' of the first child when the second child is born therefore needs to be overcome. He suggests that first-borns who overcome the trauma usually try to emulate their parents. It is said that first-borns attach great importance to law and order, and they are more responsible and achievement-oriented than later-borns (Sulloway, 1996, pp. 55–56). Throughout most of their childhood, first-borns are bigger, stronger and smarter than their younger siblings, and therefore they are often described as being more ambitious, determined, dominant and self-confident (Sulloway, 1996, p. 68). The second-borns are considered to be more cooperative than first-borns as they have to share their parents' attention from the beginning. They are regarded as fighters as they need to try harder to catch up. In contrast, the youngest children (and last-borns) are considered to be lazy and spoiled and may experience a sense of inferiority when feeling overshadowed by older siblings. Adler also argued that whenever the youngest sibling decides to compete with the older siblings, the chance of success in later life is higher. In addition, last-borns are considered to be more creative in distinguishing themselves from their older and more experienced siblings (Sulloway, 1996, pp. 55–56). Sulloway (2010) clearly indicated that the closer the age gaps of siblings, the smaller the differences between siblings in terms of personalities. Thus, in the context of family businesses, it is unclear whether a smaller age gap or a bigger age gap is favourable for a successful team (p. 101).

The dynamics of sibling identification and sibling deidentification is discussed in numerous articles in the literature for siblings' research. Deidentification describes the behaviour of siblings who try to distinguish themselves from the others in terms of establishing and developing their own identity (Kasten, 2003). The development and severance from the family leads to a path of autonomy and self-responsibility in the life of these children. This is similar to their differences in talents, interests and experiences on the path of development. The differentiation process between siblings is especially important in their search for identity and is considered as a necessary process that does not take place in the development of only children (Klein, 2010, p. 84). The American psychologist Frances F. Schachter conducted one of the first research studies on identification and deidentification of siblings (Schachter et al., 1978). He found that the closer the siblings in age, the higher the level of deidentification; and the higher the age gap, the lower the level of deidentification. Thus, his studies show that third-borns and first-borns are more alike than the second-borns and the third-borns.

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In addition, he found a substantially higher level of deidentification for same-sex siblings than opposite-sex siblings and when the age gap is smaller (Schachter, 1982, 1985; Schachter et al., 1978, 1976; Schachter & Stone, 1985).

The process of differentiation between siblings, while searching for their own role and purpose, is considered an important and necessary process. Only children have problems being classified in existing systems due to the lack of differentiation. While differentiation drives siblings apart, identification holds them together, which clearly depends on the attitude and education of their parents or legal guardians. In some cases, the closeness of siblings is especially important in the entry phase where both siblings need to cope with their parents (Gersick et al., 1997, pp. 78–80; Klein, 2010, pp. 83–84). Studies indicate that both forces are needed to develop a well-functioning sibling team. The identification of siblings with each other and the family strongly depends on the education and attitude of the parents (Klein, 2010, p. 84), as mentioned before. For many children, a sister or a brother is the first person they share secrets, cooperate, negotiate and argue with (Lam, Solmeyer & McHale, 2012). It can therefore be said that siblings gain their first experience in ‘team management’ at an early age. Despite this, relationships among siblings are rather assigned than voluntary and come with shared values and norms that significantly influence decision making, as well as their teamwork behaviour (Sharma & Manikutty, 2005).

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4. Leadership and Co-Leadership in Family Businesses

In today's complex and dynamic environment, all types of organisations are confronted with rapid technological change, globalisation and fast changing product life cycles (Gumusluǒlu & Ilsev, 2009). Thus, leadership has gained a high importance in all organisations and therefore the significance increased also in the academic world. Although leadership can be described as the ability to take decisions and motivate or inspire others to perform well, it is visible that leadership generally differs from country to country, business to business and family to family. Thus, the American leadership style clearly differs from the European and also from the Far Eastern way of thinking. At the centre of leadership, besides the goal and task planning, is the daily personnel management of consistent governance and control of the goal-achieving process (Wimmer, 2009). Strategic management and leadership in family firms differ significantly from other firms, as the family have a substantial impact on decision making in a firm (Chua et al., 1999). The influence of the family and their creation of resources, capabilities and management patterns is what makes family businesses unique (Chrisman, Steier & Chua, 2008; Sharma, 2004). Although several studies have been published on the impact on the performance and strategy by family members in the top management team (hereafter, TMT) that leaned on Hambrick & Mason's (1984) work (Finkelstein, Hambrick & Cannella, 2009), conflicting theoretical arguments and empirical results in the context of family businesses have been published. It is therefore not clear whether family managers have a positive or negative influence on the performance of the family business (Tretbar, Reimer & Schäffer, 2017).

In general, leadership was and is still portrayed as a solo act – a one-man show – *"regardless of whether the organization being led is a nation, a global cooperation or a scout troop"* (O'Toole, Galbraith & Lawler III, 2002, p. 65). We think of Mohandas Gandhi and Martin Luther King, Jr. when speaking about leadership. Business schools teach students leadership in the singular; thus, students are taught best practices that assume that an individual – a single person – needs to be responsible for the outcome and the performance of the

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business. In the business world, corporations are identified with the personalities of their leaders such as Bill Gates, William Clay Ford, Elon Musk or Mark Zuckerberg. Having said that, one forgets that such great leaders were surrounded and supported by many other leaders without whose joint powers all leaders would have most likely not be as successful. O'Toole et al. (2002) indicated that:

> "the issue isn't that solo leadership is always wrong, or even usually wrong; rather the problem that the traditional view blinds us to the existence of other models and causes us to overlook a tremendous amount of valuable corporate experience that runs counter to the received wisdom" (p. 66).

Thus, a shift of portraying leadership as the responsibility of one individual towards considering leadership as a shared responsibility, and expanding the capacity among several individuals, emerges.

There are good reasons to install a co-leadership construct into a business. Not only do four eyes see more than two, but it may also be an advantage if the future of the business and the employees do not rely on one decision maker. Furthermore, distribution of tasks and therefore task-sharing comes with advantages, as already mentioned. Many German businesses form a co-leadership construct with a technical and a commercial manager, and in hospitals a chief physician and a managing director jointly direct the business. Whenever tasks reach a certain complexity, deploying more experts and business professionals lowers the risks in general. Greenberg-Walt & Robertson (2001, p. 140), for example, claimed that shared leadership is the future model of leadership as the demands of the complex environment are increasing to the extent that not one individual will be able to handle them by himself (p. 140).

An increasing number of family businesses are being passed on to teams of siblings as a leadership structure. Recognising the increase in co-leadership constructs of siblings, Aronoff, Astrachan, Mendoza & Ward (2011) and Ward (2004b) call for more attention towards these particular family business teams. Given the countless circumstances surrounding the co-leadership phenomenon and its regular occurrence among family firms of every size, research in family business literature is still in its infancy (Eddleston & Kellermanns, 2007; Kellermanns & Eddleston, 2004; Ling & Kellermanns, 2010).

The following section begins with the definitions of leadership and co-leadership, before briefly reviewing the history of leadership and co-leadership concepts in the context of family businesses.

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4.1 Defining the Terms: Leadership and Co-Leadership

Although organisational leadership has been studied by many scholars, there is again no consensually agreed upon definition among scientists for the term *leadership*. One of the most used and comprehensive definitions of leadership was established by a consensus committee of representatives from 62 countries as:

> "the ability of an individual to influence, motivate and enable others to contribute toward the effectiveness and success of the organization of which they are members" (House, Hanges, Javidan, Dorfman & Gupta, 2004, p. 56).

This definition captures the relationship between leadership and the outcome of the organisation. It describes the connection between the leader and the led individuals, and how they need to interact in order to achieve an efficient outcome for the organisation. A leader must have an overview of the whole system, leaders oversee the future of the firm; they create visions and plans on how to satisfy future needs of society. For Kotter, leadership encompasses developing a vision for the organisation and motivating people to act in line with the vision. Therefore leadership is associated with uncertainty and change within a business (Kotter, 1987).

Although leadership is still considered a traditional and vertical one-man show, the majority of organisations integrate a team leadership[11] concept into their TMT. Due to the rapidly changing global environment, a high degree of knowledge-intensive workload and scarce time resources, and shared and team leadership have become common practice since the middle of the 20th century (O'Toole et al., 2002; Pearce, 2004). Ensley, Hmieleski & Pearce (2006) define *shared leadership* as a: *"team process where leadership is carried out by the team as a whole, rather than solely by a single designated individual" (p. 220).* Thereby, the term *team* can be defined as:

> "a collection of individuals who are interdependent in their tasks, who share responsibility for outcomes, who see themselves and who are seen by others as an intact social entity embedded in one or more larger social systems […] and who manage their relationships across organisational boundaries." (Cohen & Bailey, 1997, p. 241)

The traditional concept of leadership as a task occupied by one individual has been questioned, and the authors treated the task of leading a business as a shared effort. Researchers came to the conclusion that *"leadership is as much an institutional as it is an individual trait"* (O'Toole et al., 2002, p. 65). Over the last

11 For the purpose of this study, the concepts co-leadership, team-leadership, shared-leadership and group leadership are used interchangeably and synonymously, and refer to a business which is led by at least two leaders.

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half-century, the concept of a one-man show moved towards rather distributing the responsibility among the top levels of the corporation.

Although co-leadership is viewed as an unusual structure by many scholars and management practitioners – particularly non-profit organisations – banks (e.g. Goldman Sachs, Deutsche Bank), media organisations (e.g. newspapers and high-tech businesses) (Alvarez & Svejenova, 2005), and large well-known firms have implemented this structure in recent years, such as Thyssen Krupp, Whole Food Market, Oracle, Daimler and SAP. It is assumed that co-leadership constructs more often occur when two firms merge or when two people co-find a firm (O'Toole et al., 2002). Co-leading arrangements have become prominent in small and medium enterprises, new ventures and family businesses (Alvarez, Svejenova & Vives, 2007), as *"it's not natural to assume that one person can be accountable for everything that occurs within a company"* (Troiano, 1999). Thus, the challenge of managing the unpredictable due to the fast-moving environment led to the necessity of reviewing and re-evaluating the leadership compositions. That being said, whenever tasks that are complex, conflictual and uncertain are present, team constellations are demanded (Wimmer, 2006). It goes without saying that companies began to realise that depending on one single leader is risky for the entire organisation (Wimmer, 2006), and therefore roles such as Chairman, Chief Executive Officer (hereafter, CEO), Vice Chairman, Chief Technology Officer (hereafter, CTO), Chief Operation Officer (hereafter, COO) and Chief Financial Officer (hereafter, CFO) have been created to distribute the power and influence among more executives. Thus, a TMT is a *"unverzichtbarer Koppelungsmechanismus zwischen relative autonomen Einheiten und Hierarchieebenen, der dazu dient, überlebenswichtige Widersprüche und Zielkonflikte, gemessen an den jeweils anstehenden Herausforderungen des Systems, immer wieder neu zu balancieren"* (Wimmer, 2009, p. 189).

4.2 The Evolution of Leadership and Co-Leadership Theories

Leadership is considered one of the most complex and multi-layered phenomena studied by organisational and psychological researchers. Although the term *leadership* was introduced only in the late 1700s and research on the topic did not start before the 20th century, the collective nature of leadership has been increasingly discussed (Van Seters & Field, 1990). The attraction of leadership research and the development of leadership models increased, and numerous different concepts of leadership that can fit into different contexts and impact different outcomes have been introduced over the years (Asrar-ul-Haq & Anwar, 2018). The most famous leadership models or theories range from *the great man theory* introduced in the mid-1800s, the *trait theory* that was established in the

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1920s and focusses on the traits of the leader (Yukl, 2013, p. 12), to the *behavioural theory* that emphasises the behaviour of leaders and the impact on others (Allen, 1998). Other theories include the *contingency theory* that points out the relationship between leader and follower (Asrar-ul-Haq & Anwar, 2018), the *transactional theory* that focusses on the incentives and punishments that lead to performance, and *transformational leadership* that can be considered the newest model of leadership and focusses on the intrinsic motivation to follow an inspiring person (Van Seters & Field, 1990).

In 1999, when David Heenan and Warren Bennis published the book *Co-Leaders: The Power of Great Partnerships,* corporate leadership was considered from another angle. The traditional concept of leadership as a task of one individual was thus questioned, and the authors treated the task of leading a business as a shared effort by multiple individuals. In the research literature, it was not until the mid-1990s that *"conditions were finally right for the acceptance of this seemingly radical departure from the traditional view of leadership as something imparted to followers by a leader from above*" (Pearce & Conger, 2003, p. 13). It also needs to be mentioned that the idea of having two or more individuals at the top is not a new concept or an upcoming trend; instead, the phenomenon of co-leading reaches as far back as one year after the founding of the great Roman Republic in 510 B.C., when two consuls were appointed to take on the leadership of the empire – together, as a team. It was a huge success that lasted for over four centuries and achieved conquest after conquest (Sally, 2002). Centuries later, other empires such as Japan also applied the concept of co-leading the nation – from the papacy to coalition governments – with great success. In recent years, the implementation of leadership teams in different organisational settings has increased substantially across the globe. Striving to meet the demands of the complex and competitive business environment, the trend of working in teams is expected to continue (Doolen, Hacker & Aken, 2006; Kozlowski & Ilgen, 2006). Researchers came to the conclusion that *"leadership is as much an institutional as it is an individual trait"* (O'Toole et al., 2002, p. 65). Since then, research in shared leadership has been developed; however, it is still in its infancy (Pearce & Conger, 2003).

4.2.1 Leadership Theories and Research

The earliest conceptual way of understanding the term *leadership* was offered by the famous *great man theory,* introduced in the mid-1800s by the historian Thomas Carlyle. Its core belief was that certain inherited traits and natural attributes set effective leaders apart from others. It was based on the mythology behind some of the world-famous leaders such as Julius Caesar, Mahatma

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Gandhi and Abraham Lincoln, and indicated that when a person copies their personalities and behaviours, they will become a good leader (Van Seters & Field, 1990).

A modification of the *great man theory* is the *trait theory* that claims that a number of personality traits determines the effectiveness and the success of leaders (Yukl, 2013, p. 12). Thus, the trait theory, established in the 1920s and 1930s, focusses on *what* an effective leader is, rather than *how* an effective leader operates, and claims that certain inherent physical, social and personal characteristics makes leaders successful. These include drive, the desire to lead, integrity, self-confidence, intelligence and job-relevant knowledge (Allen, 1998; Lussier & Achua, 2015, p. 16). Yukl (2013) added the characteristics of energy levels and stress tolerance, internal focus of control, emotional maturity, power motivation, personal integrity, narcissism, achievement orientation, need for attachment, and the 'big five' personality traits – surgency, conscientiousness, agreeableness, adjustment and intelligence (pp. 138–147).

In contrast to the *trait theory* that focusses on the qualities of the leader, the *behavioural theory* focusses on the positive leadership behaviour of leaders and their impact and influence on their followers. By the 1950s, behavioural theories assumed that leaders can be made and are not necessarily born, and analyses what leaders actually do – their behaviour (Allen, 1998). Researchers attempted to identify differences between the behaviours of effective leaders and compared them to ineffective leaders (Lussier & Achua, 2015, p. 16). Thus, the theory assumes that effective leadership is based on the one best learnable and trainable leadership behaviour and style (Allen, 1998; Lussier & Achua, 2015, p. 16).

The *contingency theory* is based on the assumption that there is not one leadership theory, but rather that leaders need to incorporate situational variables as components of their leadership effectiveness (Asrar-ul-Haq & Anwar, 2018). By the 1960s, a change in leadership theory development occurred by focussing on the behaviour of the leader and the involvement of the followers, rather on the traits of the leader. The *new theory of leadership* pointed out the necessity of the relationship between leader and follower, and therefore the theory is based on the relationship between leader, follower and situation (Lussier & Achua, 2015, p. 17). Thus, effective leadership is dependent on "*one or more of the factors of behaviour, personality, influence and situation*" (Van Seters & Field, 1990, p. 35). *Transactional leadership theory* is based on the assumption that a group of people is motivated by punishments and incentives to perform (Asrar-ul-Haq & Anwar, 2018). In contrast, *transformational leadership theory* represents the latest theory in the evolutionary development of leadership theories and is based on the assumption that individuals will follow an inspiring person (Asrar-ul-Haq & Anwar, 2018; Van Seters & Field, 1990). Thus, intrinsic motivation is seen in their employees, and leaders need to be more proactive,

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innovative and creative, and more open to change and new ideas (Van Seters & Field, 1990).

Historically, leadership theories began as one-dimensional and individual-oriented in which the personality, traits or behaviours of leaders were analysed. Later, relationships between leaders and followers were considered to be part of the leadership theory. Introducing the *contingency theory* was considered an important move, as it indicated a multidimensional arena of considering the leader, the followers and the situation when studying leadership. The research field has therefore focussed on the vertical top-down influence of the leader to the follower, and has concentrated the research on the behaviours, mindsets and actions of the individual leader.

4.2.2 Co-Leadership Theories and Research

In recent years, however, several scholars have challenged the aforementioned concept and argued that the concept of leadership is an activity that can be distributed among several individuals (Pearce & Conger, 2003, pp. 1–2). Pearce & Conger (2003) described the difference between shared leadership and traditional models of leadership as the following:

> "The key distinction between shared leadership and traditional models of leadership is that the influence process involves more than just downward influence on subordinates by an appointed or elected leader […]. Rather, leadership is broadly distributed among a set of individuals instead of centralised in hands of a single individual who acts in the role of a superior." (p. 286)

Although shared and co-leadership theories are not new, they have been ignored in the research of leadership compared to solo leadership (O'Toole et al., 2002). The ignorance of shared leadership *"stems from thousands of years of cultural conditioning. In the popular mind, leadership is always singular"* (O'Toole et al., 2002, p. 65). Over the last half-century, the concept of a one-man power moved towards distributing the responsibility among top levels of the corporation to maximise the outcome in the fast-paced and complex global world of today (Heenan & Bennis, 2008; O'Toole et al., 2002; Pearce, 2004). Greenberg-Walt & Robertson (2001) consider shared leadership as the future model of leadership as it *"respond best to the needs of organizations that have undergone mergers, acquisitions, or joint ventures that have simply grown to great size and complexity"* (p. 140).

Shared leadership thus reached forms such as groups or a chair and vice chair leading together, to an arrangement of leadership in which two or more individuals are chosen for the same position, sharing responsibility and tasks and

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possessing the same authority. Roles such as Chairman, Vice Chairman, CEO, CTO, COO and CFO have been created to distribute the power and influence among headcounts a number of people (Pearce & Conger, 2003, p. 2). In the specific case of co-leadership of managers, a range of different terms are used: *shared leadership* (Pearce & Conger, 2003), *distributed leadership* (Bolden, 2011; Gronn, 2008), *co-leadership* (Heenan & Bennis, 2008; Sally, 2002), *joint leadership* (de Voogt, 2006), *co-principalship* (Eckman & Kelber, 2009), *dual leadership* (de Voogt, 2006), *leading in pairs* (Alvarez et al., 2007), *leadership couple and team leadership* (Farrington, Venter, Eybers & Boshoff, 2011a; Morgeson, DeRue & Karam, 2010).[12]

The term *team* is standard terminology in business and refers to two or more individuals who work together in the pursuit of a shared goal (Keen, 2003). A team clearly differs from a group, as team members possess a higher degree of interaction with each other, feel a stronger sense of responsibility for achieving the desired outcomes, and a higher level of identification with other team members (Sundstrom, De Meuse & Futrell, 1990). Early on, Tuckman (1965) identified four stages in group and team development: (1) *forming*; (2) *storming*; (3) *norming*; and (4) *performing*. In the first stage, the team is formed by getting to know one another; the second stage is learning about the expectations of the different team members; the third stage is characterised by the amount of consensus that is reached; and the last stage – *the performing stage* – is when the team is able to perform and take actions as a team.

In general, controversial debates exist within the literature on the effectiveness of co-leadership constructs. Some claim that such constructs lead to disaster, others declare it as increasingly necessary in today's fast-moving environment, and again others present a more balanced evaluation (Krause, Priem & Love, 2015). Several theorists argue that the construct of co-leaders is highly counterproductive, and consider these arrangements too weak to coordinate issues and interpersonal conflicts, and therefore they consider a co-leadership construct only suitable as a short-term solution (Alvarez & Svejenova, 2005; Troiano, 1999). Some see shared leadership as a temporary solution to resolve changes due to mergers and an unclear definition of responsibilities; co-leadership at an executive level may also make an organisation unstable (Troiano, 1999). In addition, the definition dilemma might lead to confusion for followers and it is seen as time-consuming and unclear (Pearce, 2004). Dennis, Ramsey & Turner (2009) claim that co-leadership constructs that arise through mergers, acquisitions or joint ventures are rather fragile and will not last long, and co-founder constructs as more stable that last for decades. This comes as no surprise when considering that co-founders are mostly able to choose their partner(s), whereas co-CEOs

12 For the purpose of this study, the concepts are all referred to as co-leadership of a team.

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who joined forces due to mergers, acquisitions or joint ventures are essentially 'forced' to work side by side. Members of a team typically share a common culture, are familiar with processes and rituals, and share a common philosophy of working together.

Although arguments against co-leadership are predominant, several studies show positive sides of co-leadership constructs. The quote by the CEO of Champion Paper, Richard Olsen, captures the essence of co-leadership as: "*none of us is as smart as all of us*" (quote in O'Toole et al., 2002, p. 67). Co-leaders are internally accountable to each other and, because each member holds a special set of skills, competencies, experiences and perspectives, the quality of decision making increases (Arena et al., 2011; Barach, Gantisky, Carson & Doochin, 1988; Doolen et al., 2006; Ensley et al., 2003; O'Toole et al., 2002). Moreover, sharing leadership often means more time for relationship building with followers, challenging and inspiring each other, and having more time for reflection (Döös & Wilhelmson, 2003; Pearce, 2004); it is therefore said that the performance of teams is greater than an individual working alone. Co-leaders add additional inspiration, reduce agency problems (Arena et al., 2011), and lower the risk of CEO burnout (Frauenheim, 2009). The concept of co-leadership improves leadership effectiveness and may be considered as a successful practice (Heenan & Bennis, 2008; O'Toole et al., 2002; Sally, 2002), especially when firms face the many challenges in today's environment. Co-leadership constructs can also be considered more stable since one leader is always present in case of the absence of the other. Paul Staman – CEO of Amana Corporation – described the welfare of co-leadership as: *"it allows more time for leaders to spend in the field; it creates an internal dynamic in which the leaders constantly challenge each other to higher levels of performance it encourages a shared leadership mind-set at all levels of the company; it prevents the trauma of transition that occurs in organizations when a strong CEO suddenly leaves"* (O'Toole et al., 2002, p. 67).

Despite sharing the responsibility at the top of the business, co-leaders can still be at opposite ends of a wide authority gap, as O'Toole et al. (2002) describes, *"one member of every team of two is usually more equal than the other" (p. 75).* An unlimited number of different concepts of co-leadership exists. Döös & Wilhelmson (2003), for example, found four different ways to share leadership: (1) *joint leadership* (same tasks – joint authority); (2) *functionally shared leadership* (divided tasks – joint authority); (3) *shadow leadership* (same tasks – divided authority); and (4) *matrix leadership* (divided tasks – divided authority). The *joint leadership* concept therefore describes the most extreme form of shared leadership in which two (or more) leaders occupy the same position with the same authority, power, responsibilities and assignments. Thus, the managers lead together as complete equals without subordinates such as Co-CEOs. *Shadow leadership* is characterised by the existence of a hierarchical difference in

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terms of decision making. It can be seen as an arrangement between a manager and an assistant manager, as clear differences between formal responsibility and authority exists. The *functionally shared leadership* is characterised as sharing authority by dividing tasks. For example, one manager manages operations and the other manages financials – the CFO and the CEO. They are at the same hierarchical level but individually make use of their expertise. The last form of shared leadership – *matrix leadership* – relates to some form of managerial cooperation in which both authority and work tasks are separated (Döös, 2015).

The research of TMTs and leadership seems infinite, and studies on TMTs have mostly focussed on TMT demography and its impact on innovation and the firm's performance (e.g. Finkelstein & Hambrick, 1990; Finkelstein, Hambrick & Cannella, 2009; Simons, Pelled & Smith, 1999). In strategic management literature, the conceptual framework of the upper echelons theory of Hambrick & Mason (1984) gained a tremendous amount of attention and therefore the influence of top executives on the outcome of the firm is prominent in research (Certo, Lester, Dalton & Dalton, 2006). Hambrick & Mason (1984) suggest that certain demographics such as age, gender, tenure in the organisation's functional background, and the educational background of TMT members have a significant impact on the outcome of the organisation, such as financial performance, innovation and strategies pursued.

4.3 Leadership and Family Firms Research

Research on leadership in family firms has received a tremendous amount of attention within the last few decades and, despite the increase in quantity and quality of research, "*numerous empirical studies doubts remain as to whether family ownership and family management are good or bad for a business*" (Miller, Minichilli & Corbetta, 2013, p. 553). The aforementioned statement reveals several trends that have been discussed in recent publications on leadership in family firms. There is interest in examining and observing environments in which the reciprocal influence of the family firm's ownership and leadership positively influences the financial performance of the business. Thus, research on leadership in family firms spotlights the reciprocal influence of family and business (Zahra & Sharma, 2004, p. 333), analysed in the context of family and business logic where family or non-family members are involved in different operational and governance structures (Miller, Le Breton-Miller & Lester, 2011; Miller et al., 2013), and compared family firms to non-family firms (Jaskiewicz & Luchak, 2013; Miller et al., 2008). Thus, the intertwined nature of family and business systems distinguishes family firms from non-family businesses.

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Owing to their long histories and memories, the social group – the family – provides a rich setting for emotional exchanges that evidently influence the family and the firm (Kets de Vries, 1996; Tagiuri & Davis, 1996). The emotions of a family range from intimacy, love, comfort and happiness, to jealousy, anger, uncertainty, hostility and envy, and it is therefore not surprising that family firms are prone to conflict. Arregle, Hitt & Sirmon (2007) found that family social capital is the major source of TMT uniformity and competitive advantage. Relationships among family members foster an ideal environment that generates trust, shared moral behaviour, cooperation and collaboration (Arregle et al., 2007; Pearson, Carr & Shaw, 2008). The alignment of cognitive schemes between family members who work in TMTs leads to a more steady, interdependent, collaborative and close (homogeneous) TMT (Pearson et al., 2008).

The following paragraphs outline the most prominent theoretical approaches to describe leadership in family firms.

4.3.1 The Development Model of Family Firms

As the approach of the *Three-Circle Model* by Gersick et al. (1997) failed to capture the developmental process of the family business when it transfers from one generation to the next, the three-dimensional development model (hereafter, DMFB) was introduced years later. Derived from the traditional organisational lifecycle (hereafter, OLC), it suggests that firms move through well-defined stages and these stages differ from each other regarding contextual and situational characteristics. Family business scholars heavily criticised the OLC due to the absence of a family perspective within the model:

> "Family enterprise systems are inherently complex due to the interdependency of family, ownership, and business life cycles, as well as to these operating and evolving simultaneously within the subsystems of the whole entity – all within the context of trying to keep the system's constituent groups focussed on a common goal over a long time period." (Murray, 2003, p. 18)

Gersick et al. (1997) responded to the concern and developed a model dedicated to family businesses by considering the interplay of business goals and family goals. The DMFB portrays the developmental growth stages of all three systems mentioned in the previous sections (i.e. ownership, business and family) (Gersick et al., 1997, p. 16). It describes a family business as the aforementioned three overlapping circles, illustrating the complexity, challenges and problems that mostly occur with the progression of time and which is portrayed in the DMFB (Gersick et al., 1997, pp. 16–18).

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Gersick et al. (1997) emphasises that *"with each change in the ownership structure, there are corresponding changes in the dynamics of the business and the family, the level of power held by employed and non-employed shareholders, and the financial demands placed on the business"* (pp. 30–31). The aforementioned confirms the interrelatedness between the business, the family and the ownership systems. Changes in one stage of a system demands adjustments in the other systems. In other words, a change in the ownership system results in new challenges for the business to tackle in order to sustain growth (Gersick et al., 1997, p. 18).

Due to the high relevance of these developments to this study, each system will be briefly discussed. In the *ownership system* of the DMFB, three stages may occur depending on the complexity of the ownership structure and number of owners. It is important to note that the order may be different from family business to family business; however, Gersick et al. (1997) assume that the dimension of ownership normally develops in the following order: (1) *controlling owner;* (2) *sibling partnership;* and (3) *cousin consortium (pp. 29–57)* as visible in Figure 5 on the following page. With regard to the aforementioned, the further the firm develops along the model, i. e. from a controlling ownership and management structure, to a sibling partnership, to a cousin consortium, the higher the dispersion of the family business ownership structure. After each transition, the system moves along these stages and ownership becomes more complex or simpler over time[13].

The *controlling owner* stage is characterised as a sole ownership, a single managing owner who builds the core of the organisation. The business cannot survive without the input in and decision making by the owner (Gersick et al., 1997, p. 32) and, due to a smaller number of people holding equity, the potential of conflict is very low (Davis & Harveston, 2001). Due to natural progression, ownership is likely to become more diverse with each generation.

In comparison to the centralised power in the controlling owner stage, the next stage of *sibling partnerships* faces the critical issue of shared control – ownership and management. The shared power may foster growth and bring about the opportunity to spread tasks and responsibilities among siblings. The authors therefore assume that each sibling normally finds their own role in different divisions of the family business or the family branch (Gersick et al., 1997, p. 41). Within the scope of this research, the development from controlled-owner

13 Gersick et al. (1999) describe the types of ownership transition which are (1) Recycles (i. e. changing individuals and retaining the same ownership structure, e. g. from Sibling Partnership to Sibling Partnership), (2) Devolutionary Transitions (i. e. changing into a less complex ownership structure, e. g. from a Cousin Consortium to a Sibling Partnership), and (3) Evolutionary Transitions (i. e. changing into a more complex ownership structure, e. g. from a Controlling Owner to a Sibling Partnership).

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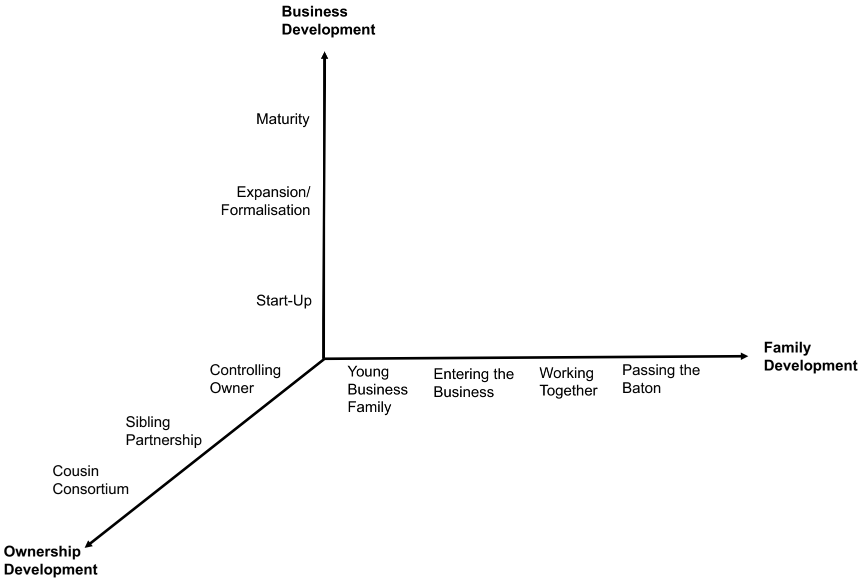

Figure 5: The Developmental Model (Source: Gersick et al. (1997, p. 17) and Gersick, Lansberg, Desjardins & Dunn (1999, p. 288))

construct to a sibling partnership is of significant interest. If multiple successors are available and interested in entering the company, the family needs to resolve whether one child or more than one child intends to enter the family business. An equal shareholder status (e.g. 50/50) of both siblings is not necessary in the sibling partnership stage. It is also possible that one child owns 100 % but two siblings manage the company. Additionally, active involvement in the business by each sibling is not required in the sibling partnership stage (Gersick et al., 1997, p. 39). It is important to note that the further along a family firm progresses, the more the ownership structure of the family firm expands. In line with the this, Davis et al. (1997) claim that as distance increases, a dilution of shared values, beliefs and consensus can be observed, as *"each branch and each family member has its own agenda"* (p. 184) and an increase in conflict may arise. This may become even stronger when there are cousins and relatives owning and managing the business with different cultures, visions and values[14].

The *family* dimension refers to entrepreneurial families and developed from various adult development concepts and family life cycle models. According to Gersick et al. (1997, p. 20) the developmental stages of a business family are the following four phases: (1) *young business family;* (2) *entering the business;* (3)

14 An extended summary of the challenges family businesses face in the ownership dimension can be found in the book "From Generation to Generation" (Gersick et al., 1997, p. 32).

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working together; and (4) *passing the baton.* It has been described as different from the other axes as it is clearly driven by the biological aging of family members and, as time cannot be stopped or growing younger is not possible, the basically progress in one direction. There are clear differences between ordinary family life cycles and business family life cycles. Whereas ordinary family life cycle models concentrate on the development from childhood to adulthood, and late adolescents often leaving the family, business family life cycles become more intense when reaching adulthood as they have undertaken the responsibility of the business (Gersick et al., 1997, p. 61).

The family follows four stages of development, and the *business* is defined by the following three developmental stages: (1) *start-up;* (2) *expansion/formalisation;* and (3) *maturity.* Size, age, structure and financial performance needs to be considered when analysing the DMFB. The development of the business might also be of interest in this study in the sense that siblings might need to operate differently, depending on the stage in which they are operating (Gersick et al., 1997, pp. 106–108). Furthermore, certain developmental stages of the business might have played a significant role in the career choice (i. e. whether to enter the family business or not) of both siblings, as some stages are more attractive than others.

Almost 10 years after the introduction of the DMFB, Rutherford et al. (2006) empirically tested the model for the first time. Along with a detailed review of the literature since the first publication in 1997 and the testing of the DMFB, they could identify key groups of variables that may aid in describing the development of family firms. With the help of a hierarchical regression analysis of 934 family firms, they identified characteristics for each developmental dimension, developed an expanded family business model, and concluded that the DMFB forms a solid foundation for the classification of family firms. Hence, as the original model by Gersick et al. forms a solid foundation to portray the complexity of family firms, the model by Rutherford et al. will not be discussed further.

4.3.2 The Forms of Leadership Compositions in Family Firms

Looking at the typical development of leadership in family firms, that moves from a founding company through a unipolar firm and a sibling's corporation to a cousin constellation, it becomes clear that the type as well as the design of leadership in family firms depends on two factors: (1) *the size and the current development stage of the business*, and (2) *the participation in leadership of the owner and/or his/her family.* In family businesses leadership structures range from several family members owning and managing the family business, to a complete lack of family members in management (Klein, 2010, p. 234). It thus

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needs to be mentioned that the composition of TMTs in family firms has a powerful influence on the family firm as, depending on the constellation, governance mechanisms change to cope with the three overlapping subsystems of the family, the ownership and the business (Gersick et al., 1997, 1999; Westhead, Cowling & Howorth, 2001).

In strategic management literature, the conceptual framework of the upper echelons theory of Hambrick & Mason (1984) gained a tremendous amount of attention and the influence of executives on the success of the firm is thus prominent in research (Certo et al., 2006). Derived from Hambrick & Mason's (1984) work, several studies have been published on how family involvement influences TMTs in the performance and strategy of the firm (Finkelstein et al., 2009). It is still not clear whether family managers have a positive or a negative influence on the performance of the family business (Tretbar et al., 2017). Some research shows that family managers are not talented and tend to mismanage the business as they prefer to serve the family's interests (Chrisman, Chua, Kellermanns & Chang, 2007; Miller et al., 2013). In contrast, some research shows that family managers have a positive influence on the firm as they share knowledge about the firm, have a deep understanding of the business and a strong network within the firm. In addition, they tend to engage in long-term relationships with suppliers, customers and employees, and therefore they aim to preserve SEW (Tretbar et al., 2017).

Klein (2010) introduced three possible constellations of management in family firms: (1) *pure owner management and pure family management*; (2) *mixed constellation of family and non-family*[15] *management*; and (3) *non-family management* (p. 235).

(1) Pure Owner and Pure Family Management

As the term clearly explains, all management positions are occupied by owners in an *owner-managed* family business. One must therefore differentiate between autocrat or patriarchal management and partner-management. In patriarchal management, the power is concentrated in one person, and when the firm is managed by more owners, they talk about a partner-managed type of family firm (Klein, 2010, pp. 235–239). In a family-managed firm, two or more family members are actively involved in the TMT, regardless of the ownership distribution. The following three scenarios therefore exist: *siblings, sons- and daughters-in-law and clans* manage the business. Siblings leading a family

15 Non-family members can be defined as managers not having blood, adoption or marital relation to the owning family (Klein,2010). Synonyms might be external, outside or professional managers.

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business come with collected experiences from their childhood, which on the one hand leads to an enhanced connectedness and on the other, also triggers conflicts (Klein, 2010, pp. 239–246). In the case of sons- and daughters-in-law leading a family business, Klein points out that the basis for a successful constellation is the expert power that they need to gather outside the family business. There is a significant need for legislation in terms of ownership distribution or a premature exit due to divorce or death (Klein, 2010, pp. 242–244). Although seldom a constellation of leadership, one talks about *clan-management* when the family business is managed by distant relatives. Structured processes and events can be found in such constellations that support the solidarity and shared identity of the family (Klein, 2010, pp. 245–246).

(2) Mixed Management Constellation of Family and Non-family Members

The older and the more established a family firm becomes, the higher the chance that more non-family members participate in the TMT (Lussier & Sonfield, 2007). Thus, as the family firm grows and expands, businesses tend to move from a pure family management to a mixed constellation (Dyer, 1989; Hall & Nordqvist, 2008; Lussier & Sonfield, 2007). Non-family managers are considered more talented as they bring more experience and expertise from outside the family firm (S. Sciascia & Mazzola, 2008; Salvatore Sciascia, Mazzola & Chirico, 2013), and they come with additional knowledge and perspectives (Kraiczy, Hack & Kellermanns, 2014; Salvatore Sciascia et al., 2013). As they are not as emotionally involved in the business as family members, they tend to take decisions more objectively (Filbeck & Lee, 2000). Furthermore, they are characterised by their formal management style (Klein & Bell, 2007), their focus on financial performance (Dyer, 1989; Klein & Bell, 2007), and their impersonal attachment and involvement in the future of the company (Lussier, Sonfield & Barbato, 2009). They either serve their own interests (Minichilli, Corbetta & MacMillan, 2010) or take their decisions based on economic rationales (Sirmon, Arregle, Hitt & Webb, 2008).

Reasons for including non-family members in the TMT might be, for example, the absence of the availability of family managers or the need for external expertise due to the current challenges in the market. Klein differentiates between four kinds of collaboration: Executor, Intimus, Majordomus and Paladin. She thus measures it by the personal relationship to the family and the scope of action. For example, the Executor has little scope of action and little personal closeness to the family, whereas a Paladin non-family manager has a high scope of action and an intimate relationship with the family. Intimus shows little scope of action and a close relationship with the family, and Majordomus indicates a high scope of action and weak closeness to the family (Klein, 2010, pp. 249–252).

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(3) Pure Non-family Management

Where the third type of leadership in family firm values collaboration and teamwork with external management, the fourth type concentrates on the strict separation of capital and management. In other words, the family business is solely managed by *external* individuals who are not related to the family and do not own shares (Klein, 2010, pp. 252–255). Firms following this kind of approach are mostly characterised by their age and size, and have gone public (Miller & Breton-Miller, 2006). It is considered the highest degree of professionalisation (A. Stewart & Hitt, 2012) and, according to literature, does not always lead to economic advantages (Klein, 2010, p. 253; I. Le Breton-Miller, Miller & Lester, 2011). It provides security for family members, motivates ambitious managers, avoids removing an incapable family manager from the TMT, and minimises conflict between family members (Klein, 2010, pp. 252–255).[16] However, several studies have argued that a complete professionalisation of a family firm may also lead to a detachment from the unique familiness which again gives the firm its needed competitive advantage (Habbershon & Williams, 1999; Habbershon, Williams & MacMillan, 2003; I. Le Breton-Miller et al., 2011).

4.3.3 The Mental Models of Leadership in Family Firms

Gimeno, Baulenas & Coma-Cros (2010) introduced mental models to describe and define leadership in family business. Derived from a study in which 1 237 family businesses were analysed, Gimeno and his colleagues outlined six models of leadership: (1) *captain*; (2) *patriarch*; (3) *family team*; (4) *professional family*; (5) *active owning-family*; and (6) *family investment group*[17]. For simplicity, the captain and patriarch models were combined and, according to Rüsen & von Schlippe (2012), it is important to mention that each model will be challenged during the succession process.

Model I: The Captain and the Patriarch

The models *captain and patriarch* can be seen as very similar models in which one individual leads the family business and are typical of founders. The difference between those two models lies in the complexity. The captain model occurs in smaller and medium-sized businesses and shows less complexity, as the

16 For a more detailed explanation please see Klein (2010) Familienunternehmen: Theoretische und empirische Grundlagen (p. 234–255).

17 The six models should be left out due to the missing quantitative data (Gimeno et al., 2010, p. 84).

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average age of the business is 28 years and the number of owners is on average 2.6 people. The patriarch model shows a higher complexity in the firm and the family, as the average age of the business is 41 years and the family constellation increases to 5.1 shareholders. In terms of leadership, it is evident that captains and patriarchs lead in a similar way as the business is tailored to one individual, and ownership and leadership are inseparable (Gimeno et al., 2010, pp. 86–89; 113–122). Thus, success and failure mainly depend on the ability and performance of one person: *"Einer muss es machen, der Patriarch ist der Anführer von Firma und Familie, Firma und Familie bestehen aus einem Kopf mit vielen helfenden Armen"* (Rüsen & von Schlippe, 2012, p. 106). The biggest challenge in this model is to successfully hand over the family business to the next generation (Rüsen & von Schlippe, 2012).

Model II: The Family Team

In the second model – *the family team* – it is clear that the complexity of the family is higher than the complexity of the business. On average the number of shareholders is 6.5, which is considered high. The business is in the service of the family and the value of the company is defined by the number of family members involved. Thus, the success or failure of the business does not depend on one individual but on an entire family. A balanced power distribution exists, as well as the clear differentiation between family and business. On the one hand, the structure of information and professionalisation is rather low, and on the other, the family's ability to communicate allows them to address sensitive topics (Gimeno et al., 2010, pp. 89–90; 122–124). An increasing complexity in the family system is likely to jeopardise the model due to the absent structure needed to cope with any challenges (Gimeno et al., 2010, pp. 89–90).

Model III: The Professional Business Family

Model III shows a complex profile that is distinct from Model II by the complexity of the business usually being higher than the one of the family. It is mostly seen in families with low to middle complexity levels, and businesses with middle to high complexity levels (Rüsen & von Schlippe, 2012). The structure of the business is not aligned with one individual, but with more family members. An average of 3.0 family members are in leading positions in family businesses, and therefore great importance is placed on the family's involvement in the management of the business. The model realises that family members are not equal in competencies and interests; therefore, a distinction between individuals and their role in the family and the business occurs. As a result, leading family

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members are highly professional individuals who consider leadership of the business their main duty.

Different models of management gain importance when compared to the aforementioned models (Gimeno et al., 2010, pp. 90–91; 125–135). The family's solidarity and cohesion are apparent, members are bound to the business and they therefore place their individual interests and goals on hold: *"Die in diesem Modell erfolgreichen Familien schaffen es durch ein geschicktes Management von Paradoxien, sichtbare Ungleichheiten auszubalancieren. […] gerade das Management von Gleichheit und Ungleichheit, die Schaffung von Zusammenhalt und Bereitschaft, sich dem Familienziel als Individuum unterzuordnen, beschreibt die Herausforderungen von Gesellschafterfamilien dieses Archetyps"* (von Schlippe, 2014, p. 94).

Model IV: Active Owning-family

This model features a high complexity in the family (on average 13 owners) as well as in the business system (on average 61 years old) (Gimeno et al., 2010, p. 92). Usually, no family member is actively involved in the operation of the business and rather concentrates on its governance. From the family members' perspective, the business is thus led by the best available TMT. In a case where a family member aims to enter the business, a structured assessment can be done to compare the family member to the best available top managers in the market. This model is mostly seen in bigger and listed family businesses (Rüsen & von Schlippe, 2012; von Schlippe, 2014, p. 94). As no family members are usually present in the business, the main challenge lies in the systematic organisation of the owning-family: *"So besteht für die Mitglieder der Gesellschafterfamilie kontinuierlich die Herausforderung, das Unternehmen als zentralen Sinn und Identitätslieferanten und nicht als reines Investment wahrzunehmen"* (Rüsen & von Schlippe, 2012; von Schlippe, 2014, p. 95).

Model V: Investor-family Group

In this model, the family pursues joint family investments and does not take over the leadership of the business. No traditional connection to the original firm or business background exists. Thus, an investing family group occurs when a family business is sold or there is motivation to expand the family wealth (Gimeno et al., 2010, p. 93; Rüsen & von Schlippe, 2012, p. 95).

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4.3.4 The Principal-Agent and the Stewardship Theory

When discussing leadership and management in family firms, substantial research efforts have been focussed on two widely used theories: the *principal-agent* and the *stewardship theories* (Wimmer, 2012, 2016). Edwards & Meliou (2014) consider these theoretical frames as double-edged *"because they have been used to emphasise opposing facets of family leadership" (p. 2).* As family involvement influences and shapes the culture of the family firm, managers in TMTs can behave as either *"the self-serving, economically rational man postulated by agency theory, or the self-actualising, collective servingman suggested by stewardship theory"* (Corbetta & Salvato, 2004, p. 357). The differences between both theories are summarised by J. H. Davis, Schoorman & Donaldson (1997), as follows:

> "According to agency theory, people are individualistic, utility maximizers. According to stewardship theory, people are collective self-actualizers who achieve utility through organizational achievement." (p. 38)

The *principal-agent theory* is guided by one basic belief that managers, whether they are stakeholders or not, cannot behave as diligently as the owner. It assumes that the opportunistic behaviour of one contract party – *the agent-manager* – tends to act according to his or her own interest rather than the interest of the other party – *the principal* (J. H. Davis et al., 1997; Eisenhardt, 1989). As a result, principals install governance mechanisms to monitor the behaviour of the manager (Berrone, Cruz, Gomez-Mejia & Larraza-Kintana, 2010; Eisenhardt, 1989; Fama & Jensen, 1983; Jensen & Meckling, 1976) with the aim of aligning interests and increasing the performance of the firm (Fama & Jensen, 1983).

Agency problems not only occur from a *'principal-agent conflict'*, but also from *'owner-owner conflict'*[18] which emerge from the differing interests of majority and minority shareholders (La Porta et al., 1999). As a large proportion of family firms are also managed by family members, agency conflict between principal and agent is considered weak; however, owner-owner conflict[19] takes place more frequently and corresponds to management entrenchment[20] (Ed-

18 Also called Agency Conflict I and Agency Conflict II.

19 Owner to owning-manager (Agency Problem II) corresponds to management entrenchment and indicates the ability of the owning-managers to obtain private benefits from other owners (Chrisman et al., 2005). This is of high importance when considering the increasing family shareholder circle within the years in which each shareholder takes different roles and responsibility within or outside of the family business.

20 Management entrenchment can be referred to as situations in which executives (agents) try to ensure self-preservation by neutralising internal control mechanisms, for instance, by hiding negative attributes, hiring consultants to legitimise their decisions, manipulating information

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dleston & Kellermanns, 2007; Gomez-Mejia & Nuñez-Nickel, 2001). Since then, family business scholars have progressed and have begun to shed light on previously overlooked agency conflicts and problems within the context of family businesses, for example, asymmetric altruism and executive entrenchment (Block, 2012; Nicholson, 2008; Schulze, Lubatkin & Dino, 2003a, 2003b). Consequently, governance mechanisms to monitor behaviour increases (Chrisman, Chua & Kellermanns, 2009; Schulze et al., 2003a), and family firm performance decreases (Eddleston, Chrisman, Steier & Chua, 2010; Schulze, Lubatkin, Dino & Buchholtz, 2001; Wright & Kellermanns, 2011). In the context of family businesses which are led and owned by the same set of siblings, agency problems between the principal and the agent are not common. In other words, as the owner and the manager were mostly the same person, interests are aligned and control is unnecessary (Jensen & Meckling, 1976; L. P. Steier et al., 2004).

The specific and unique aspects of family firms, such as family involvement, lead to different behaviour as well as governance systems within the system of family firms. When viewing the family as a resource, the stewardship theory appears to be a suitable perspective because it portrays members of the organisation as collectivists, who are trustworthy (J. H. Davis et al., 1997), work towards the same goal (J. H. Davis et al., 1997; Eddleston & Kellermanns, 2007) and seem to be "*ideal for explaining governance in the family business context*" (Davis et al., 2010, p. 1093). As unique aspects within family firms, such as non-economic goals and family involvement, can lead to different behaviours that clearly deviate from the agency theory, scholars began to shed light on the stewardship theory (J. H. Davis et al., 1997). In the study, they suggest that goals, altruism, trust and relational contracts vary from family business to family business, and ultimately influence the behaviour of stakeholders.

In addition, agency and stewardship behaviour may also vary depending in which stage of the life cycle the family business is (Corbetta & Salvato, 2004). In contrast to agency theory, stewardship can be regarded as the generosity, responsible devotion, loyalty and human caring to a group of people or to an organisation (Donaldson, 1990). Rooted in psychology, sociology and theology (Griffin, 1960; Thompson, 1960), stewardship theory suggests that managers – stewards – are motivated to act in the best interests of their principals or organisation (J. H. Davis et al., 1997; Donaldson & Davis, 1991). Hence, the model of man "*is based on a steward whose behaviour is ordered such that pro-organisational, collectivistic behaviours have higher utility than individualistic, self-serving behaviours*" (J. H. Davis et al., 1997, p. 24). Intrinsic motivation and identification with the firm is thus said to facilitate steward behaviour. Gover-

and aligning the business strategy to their idiosyncratic skills and abilities to make themselves irreplaceable (Gomez-Mejia & Nuñez-Nickel, 2001).

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nance mechanisms are based on a trust system that encourages cooperation and involvement to facilitate the natural alignment of interests between both parties (J. H. Davis et al., 1997).

The behaviour of the manager is based on an innate desire to serve the firm, an identification with the company and an alignment of interests with the principal. Non-economic goals that family firms pursue motivate family business managers (family members or non-family members) to focus on basic needs, and therefore agency costs, and the associated governance mechanisms posited by agency theory as necessary to control executives, are not necessary (Corbetta & Salvato, 2004). Hence, when the relationship between family business owners and family managers is long term and emotionally laden, non-financial goals are similar and important to both, and because family managers are naturally motivated to pursue the interests of the owners, the interests of the family managers and family business owners will be aligned. In this case, no agency problem exists and no control of the self-serving executive is necessary (Chrisman et al., 2007).

Miller, Le Breton-Miller & Scholnick (2008) defined three common forms of stewardship in family businesses: (1) *continuity* [business]; (2) *community* [employees]; and (3) *connection* [customer and suppliers]. *Continuity* refers to the aim of the family business to succeed in the next generation. Hence, the average CEO tenure at a family business is said to range between 15 and 25 years, while non-family firms change CEOs every three to four years (Isabelle Le Breton-Miller, Miller & Steier, 2004). Consequently, as the family name, fortune and reputation are at stake, family CEOs are more committed to the business, care about the long-term future and act more as stewards of the business than agents (J. H. Davis et al., 1997; Donaldson & Davis, 1991). *Community* is related to the aim of creating a collective culture to motivate their employees. Research shows that family firms care more about their employees and therefore spend more on training. Hence a steward gives employees more responsibilities and creates a flexible working culture (Arregle et al., 2007). They invest in training to keep their employees long term (Miller et al., 2008). *Connection* refers to the strong and enduring relationships family businesses build with external stakeholders, such as customers and suppliers (Gomez-Mejia & Nuñez-Nickel, 2001).

In family businesses, the stewardship theory assumes a high degree of alignment of the goals and interests between agent and principal (Jaskiewicz & Klein, 2007). Thus, the relationship and trust between steward and principal are the most important factors in promoting a stewardship environment. While the agency theory uses formal control mechanisms such as advisory boards to control the behaviour of the agent, the stewardship theory relies on social control mechanisms such as shared values, goals and attitudes (O'Reilly & Chatman, 1996). It was found that high levels of trust and a group-oriented culture in management is positively associated with a stewardship form of governance. As

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organisations with good stewards and a steward orientation do not have to spend money on monitoring and controlling managers, more resources are available to invest in increasing the firm's performance (Corbetta & Salvato, 2004).

Thus, research has demonstrated that the behaviour of stewards can lead to a competitive advantage for family firms (Eddleston & Kellermanns, 2007; Miller et al., 2008; Zahra, Hayton, Neubaum, Dibrell & Craig, 2008). Family firms do not have free-riding agency costs and therefore Miller & Breton-Miller (2006) suggest that family businesses with a steward orientation outperform non-family businesses in terms of financial performance. In the same way, Eddleston & Kellermanns (2007) indicate that stewardship relationships within a family business result in superior performance as family members keep focussing on the well-being and the success of the family firm. Hence, if stewardship relationships are not present in a family firm, conflicts among family members arise, harming the family business. J. H. Davis, Allen & Hayes (2010) indicate that family firms foster trust and commitment among employees, making stewardship the 'secret weapon' for increasing the competitive advantage of family businesses.

In stark contrast to behavioural assumptions and structural prescriptions, both theories predict an enhanced performance by the family firm (Chrisman et al., 2007). Whereas the agency theory adopts an economic model of man in which principal-agent conflicts develop due to the non-alignment of interests (J. H. Davis et al., 1997; Eisenhardt, 1989), the stewardship theory follows a rather humanistic model of man in which the behaviour of stewards is based on serving others and therefore the interests are aligned with the interests of the principal (J. H. Davis et al., 1997).

4.4 Co-Leadership and Family Firm Research

The natural progression of a family firm is that ownership as well as leadership becomes more diverse with each generation. Management scholars have clearly documented the development of TMTs in order to meet the increasing demands of the complex and competitive environment of today (Carpenter, Geletkanycz & Sanders, 2004; Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984). In the context of family firms especially, leadership and ownership succession that involves multiple family members in leadership is becoming a common practice. Only recently have family business scholars shown a growing interest in the topic of shared, team or co-leadership (Cater & Kidwell, 2014; Cater et al., 2016; Cisneros & Deschamps, 2015; Farrington et al., 2012) and therefore it is still in its infancy.

Considering that family businesses occupy two social systems – family and business – a unique management situation arises that comes with both advan-

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tages and disadvantages. The fact that membership can be biologically determined is one characteristic that sets family teams apart from teams in an organisational setting. With regard to blood relationships and therefore biological ties, family members share values, beliefs and norms, mindsets, and joint childhood and adulthood experiences, which have a clear influence on the behaviour and decision making in family business teams (Sharma & Manikutty, 2005). Families are considered as a social group that shares long histories and enduring memories. These emotional exchanges within or without the business significantly affects the family as well as the firm (Kets de Vries, 1996; Tagiuri & Davis, 1996). Generally, the dynamics among family members influence the performance and growth of the family business and are seen as a critical factor for the failure of family businesses (Farrington et al., 2010; Friedman, 1991). Consequently, mastering emotions can be considered a key task for family members in order to safeguard the business.

The movement from the primogeniture leadership construct towards including multiple leaders in family firms, and thus towards team leadership, has been recognised by researchers (Gersick et al., 1997; Lansberg, 1999). Researchers found several different and convincing reasons why a family firm combines two or more family individuals in leadership; for example, parents refusing to decide on the most talented and capable child or children, when it is too early for a succession to the next generation, or when two or more family members want to make use of the diversification in skills and expertise. Although not supported in their study, Sonfield & Lussier (2004) hypothesised that multi-generational family firms are more likely to follow a team leadership approach.

Recently, increasing attention on various types of family teams in family business literature is seen, predominantly *copreneurships* (Marshack, 1993; Rutherford et al., 2006), *sibling partnerships* (Cater & Young, 2019; Lansberg, 1999; Nelton, 1996; Ward, 2004b) and *cousin consortiums.* Ensley & Pearson (2005) distinguish between *parental, familial* and *non-family* TMTs. They argue that parental TMTs (teams consisting of parents and child/children) outperform the familial teams (teams consisting of family members such as siblings and cousins) in cohesive ties, shared strategic cognition and show far less relationship conflict.

Ensley & Pearson (2005) were among the first to analyse the dynamics of TMTs in family businesses. They found that the higher degree of familiness, the better and stronger the cohesion, conflict management, strength and strategic consensus. In other words, a higher degree of familiness is significantly responsible for a better common understanding, shared values, trust and affinity, and therefore increases the cohesion among family members. They also found that non-family teams show greater strength, shared strategic consensus and less relationship conflict, where familial teams experience more planning conflict

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(Ensley & Pearson, 2005). Cater & Kidwell (2014), for instance, identified four variations of sharing power and authority in family firms, and listed the unhealthiest scenario first, progressing to the more ideal scenario: (1) *disagreement and group destruction*; (2) a *dominant leader in an unequal group*; (3) *first among equals*; and (4) *complete equals.* While cooperation, unified decisions, agreement to share power and authority, and the development of trust will enhance the effectiveness of a successor leadership group, extreme competition among successor group members hinders group effectiveness (Cater & Kidwell, 2014). Cater & Justis (2010) studied factors that may affect the success of shared leadership in multigenerational family firms. They found eight factors, such as long-term orientation, close communication and shared understanding among team members, timely succession planning and greater decision-making quality, that show a positive impact on shared leadership. In addition, they found that resistance to change, failure to relinquish control by incumbents, reporting relationship confusion and increased decision time are factors that restrict the implementation and development of team leadership (Cater & Justis, 2010).

While shared leadership works in some family businesses better than in others, experts do not yet fully support the practice (Gersick et al., 1997). The trend towards team management of several family members is increasing in the practical world, and the topic has long been recognised as the most significant change in family firms (Aronoff, 1998). Given that an increasing number of family firms are handed over to a sibling team as an ownership structure (Aronoff et al., 2011; Ward, 2004b), the importance of such teams should be highlighted.

4.4.1 Leadership and Ownership Succession

The desire to transfer the family business to the next generation can be considered one of the key factors that distinguish family businesses from non-family businesses. In fact, handing over the business to the next generation may be the principal mission of the business and it can also be considered the most critical decision made by the responsible person and the family (Ward, 2004a). Succession problems that occur between successor(s) and the incumbent often place the fortunes of the firm in danger. Research shows that only 30 % of all family firms successfully hand over the business from the first to the second generation, only 10–15 % from the second to the third generation, and only 3–5 % make it to the fourth generation and beyond (Grote, 2003; Handler, 1994; Lansberg, 1988; Shanker & Astrachan, 1996). The rather high mortality rate of family businesses can be traced back to the need to modernise the organisation, the limited professionalisation process of the leadership, as well as the close interlinking interests of both systems – family and business – and the high potential for conflict

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incurred over a long time period (Wimmer et al., 2018, p. 5). Therefore a successful transition is crucial to the longevity of a family business (Cabrera-Suarez, Saa-Perez & Garcia-Almeida, 2001; Davis & Harveston, 1998; Isabelle Le Breton-Miller et al., 2004). For many years, family business succession has been the most frequently researched topic in family business literature (Aronoff, McClure & Ward, 2003; Chrisman et al., 2005; Dyer & Sanchez, 1998; Handler, 1990, 1994; Sharma, Chrisman & Chua, 1997; Wimmer et al., 2018); however, the majority of scholars discuss and analyse succession from the incumbent to a single successor, and neglect the rising trend of handing over the business to multiple successors (Cater & Justis, 2010; Cisneros & Deschamps, 2015; Farrington, Venter & Boshoff, 2011; Gersick et al., 1997; Rutherford et al., 2006).

Succession is defined as *"[…] the transition of family business leadership and ownership from one generation to the next"* (Aronoff et al., 2003, p. 6). It is the process of passing on the power and authority from one generation to another (Handler, 1994). Researchers agree that succession is not simply a single event; it is a multiple-step process[21] that may last between 10 and 20 years and begins before the successor enters the business (Handler, 1990, 1994; Handler & Kram, 1988). Different models of the succession process and factors that influence a successful process have been developed (Barach & Ganitsky, 1995; Churchill & Hatten, 1997; Handler, 1990; Lambrecht, 2005; Isabelle Le Breton-Miller et al., 2004). While Handler (1990) and Churchill & Hatten (1997) recommend a four-stage model, Lambrecht (2005) proposes the six-step succession model which he defines as a *"life-long, continuing process […]. It starts much earlier and never ends"* (p. 279). The process includes early interaction with the business, external experience, brief internal instructions, an official start in the family business from the bottom of the ladder, to a formal written succession plan and agreement (Lambrecht, 2005).

Le Breton-Miller et al. (2004) developed a preliminary model for successful family-owned business successions by focussing on the individual elements of succession and how they fit together. These include components such as non-family (i.e. industry, social and competitive environment), family business context (i.e. successors and incumbents and their relationships) and family context (i.e. family dynamics). The stages of the succession process itself are at the heart of the model and include ground rules, development of successors, selection, transition and transfer of capital. In addition, other important and critical factors, such as the relationship between incumbent and successor, the personality of the incumbent, the ability and willingness to train and nurture a successor, and the characteristics of the successor, were incorporated into the

21 Unless circumscribed by early or unexpected death or disability of the incumbent or the successor or successors.

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FOB model (Isabelle Le Breton-Miller et al., 2004). In this regard, Pyromalis & Vozikis (2009) identified five facilitating and critical success factors, namely: (1) *the incumbent's willingness to step aside*; (2) *the successor's willingness to take over*; (3) *harmonious relationship and communication with the family*; (4) *appropriate succession planning*; and (5) *the successor's appropriateness and preparation.* Gersick et al. (1997), for example, indicated that respectful information exchange via communication is the basis to establishing and maintaining a healthy relationship between incumbents and successors. The willingness of the incumbent to step down can be considered highly important as studies show that owners often see their retirement as a loss of power and status. At the same time, successors need to be willing and committed to the succession process, and the necessary skills, capabilities and experience to lead a business need to be demonstrated (Barach & Ganitsky, 1995).

Former studies often analysed the motivational traits of the next generation taking over the family business and focussed mainly on individual characteristics. Studies show that the opportunity for self-fulfilment is the biggest motivation for taking over the family firm, followed by social pressure and financial attractiveness (Christen et al., 2013). Other studies show that the higher the aim to realise their own personal goals and career paths, and the desire to break free from tradition, the weaker the desire to join the family firm, unless the job market is not attractive (Stavrou & Swiercz, 1998). Ward (1987) also found that the desire to have control over the firm one day and the aim to make contacts for potential future careers are factors that make them join the family business.

Although transferring a family business from the patriarch to a team of siblings is common practice in Germany today (Baus, 2012, p. 4), academic literature on family business succession to several children is not well covered (Cater & Justis, 2010; Cisneros & Deschamps, 2015; Farrington, Venter & Boshoff, 2011; Gersick et al., 1997; Rutherford et al., 2006). A recent study by PwC[22], conducted in Germany in 2016, found that more than a quarter of family businesses aim to hand over the business to multiple children (PwC, 2016). Nelton (1996), for example, indicated that transferring the business to siblings could be seen as a solution for treating children equally, without choosing one sibling over the other and thus ending the age-old tradition of transferring to the first-born. Choosing several successors can also be seen as an easier way for incumbent leaders to make such a difficult decision.

Other researchers point out that the issue of equality (versus fairness) is a major factor, and can trigger tension and conflict during the succession process (Chrisman, Kellermanns, Chan & Liano, 2010; Gersick et al., 1999). J. H. As-

22 The data is based on answered questionnaires of 71 soon–to-be-handed-over businesses in the German-speaking region that includes Germany, Switzerland and Austria.

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trachan & Aronoff (1997) and Nelton (1996), for instance, pointed to the difficulty of transferring leadership from one incumbent to several successors, and the challenges for successors to govern a business together. Recently, Cisneros & Deschamps (2015) indicated that the succession from one leader to several leaders makes the process more complex and therefore recommends installing advisors for the transition.

J. J. Cater & Kidwell (2014) proposed a model of successor group development in family firms by recognising the roles of the successors and the incumbent. In line with Handler (1990) and Churchill & Hatten (1997), Cater & Kidwell (2014) also propose a four-stage team succession model visible in Table 5 on the next page.

	Incumbent	**Successors**
Stage 1	– Starts to plan for retirement – Looks for possible successors, inside the family as well as outside of the family	– Identified as candidates
Stage 2	– Assesses potential successors after they enter the business	– Enter the business – Competition with sibling
Stage 3	– Decided on the successor group – Hands over responsibility – Reduces leadership role within the company	– Identified and selected as successors
Stage 4	– Exits the firm and may still advise	– Operates officially as a leadership group or team – Finds their areas of specialisation – Develops trust among themselves – Develops their own dynamics on how to lead the family business.

Table 4: Four-Stage Team Succession Model (Source: Cater & Kidwell (2014))

In the same vein, Avloniti, Iatridou, Kaloupsis & Vozikis (2014) propose a theoretical study of the influence of principal factors on the effectiveness of the succession outcome. They advocate that parental behaviour and attitude during childhood, sibling characteristics and the perceived sense of fairness by the successors are principal factors that influence the effectiveness of the succession outcome. Griffeth, Allen & Barrett (2006) suggest that adult sibling relationships affect the succession process of family firms. Thus, a successful succession incorporates low levels of rivalry, high levels of trust and shared values among siblings (Morris et al., 1997).

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4.4.2 Co-Leadership of Siblings in Family Business

Over and above the ordinary daily business challenges, siblings who jointly lead a family business need to manage additional deviances that are related to their genetics and origins. Extensive research has been published on sibling rivalry (Avloniti et al., 2014; Jayantilal, Jorge & Palacios, 2016; Sulloway, 2001) and conflict between siblings (Grote, 2003), but no established theory exists that describes the behaviour of siblings leading a family firm (Handler, 1991), and little is known about the requirements for building and maintaining a successful co-leading sibling team (Gage, Gromala, & Kopf, 2004; Gersick et al., 1997; Ward, 2004b). Consequently, the majority of sibling partnerships fail and more often do not carry on to the next generation (Aronoff et al., 2011; Gage et al., 2004). Despite the aforementioned, an increasing number of family firms are being passed on to a team of siblings (Brun De Pontet, Aronoff, Mendoza, & Ward, 2012, p. 5; Lansberg, 1999; Ward, 2004b). In fact, according to a recent study by PwC in 2016, more than a quarter of family businesses aim to hand over the business to multiple children (PwC, 2016). Given this dilemma, it becomes clear that more research needs to be done to gain a better understanding on sibling teams. The following is dedicated to reviewing the existing literature of siblings leading a family firm.

Several studies have been published in recent years. By the end of the 1990s, Craig E. Aronoff & Astrachan (1997) and Nelton (1996) pointed out the difficulty of transferring a family business from one incumbent to several siblings, and referred to the challenge of governing a family business together. According to Cater et al. (2016), incumbents choose who is going to succeed and what positions they hold in the successor team. Other scholars identified different characteristics and attributes that successors need to ensure a well-functioning sibling team in family firms. Commitment to the business and integrity are some of the key attributes needed for successors to lead the business (Chrisman, Chua & Sharma, 1998). They also found six categories of desirable attributes of successors: (1) *relationship to the incumbent*; (2) *relationship to other family member*; (3) *family standing;* (4) *competence;* (5) *personality traits;* and (6) *current involvement in the family business.* Furthermore, the research also showed that successors must develop the trust of other family members (Chrisman et al., 1998). While demonstrating the necessary skills, performance and experience for leading the firm (Barach et al., 1988), successors must also be willing and fully committed to the succession process (Barach & Ganitsky, 1995).

Lansberg (1999) recognised the following two forms of sibling partnerships: a ‘first among equals’ form in which one sibling acts as the leading individual; and a ‘shared leadership’ form in which a team of siblings is formed with shared authority and responsibility. In line with this, Cater & Kidwell (2014) proposed

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two additional variations of power- and authority-sharing among a successor group, and identified the following four variations: (1) *disagreement and group destruction;* (2*) one dominant leader in an unequal group;* (3) *first among equals; and* (4) *complete equals.*

Aronoff et al. (2011) found that parents, spouses and even siblings are essential in building a functioning management team (p. 85). Thus, the basis for a functioning sibling team can be found in the family system. Incumbents have a major impact on the development of the team as they choose potential successors and the positions they will eventually hold in the team. They also found that factors such as family business history, personal experience of each successor, family behavioural interactions or dynamics, and the invitation or permission of the incumbent are important for successors entering the family business. Similarly, Farrington et al. (2010) found that parental involvement as well as the involvement of family members, such as non-active siblings and spouses and non-family employees, have a significant impact on the relationship of the sibling team and their success. Thus, low parental and family involvement is beneficial for the relationship and the success of the business. Non-family employee involvement shows positive influence on the growth performance of the business (Farrington et al., 2010).

In a study by Farrington et al. (2012), physical resources, skills diversity and strategic leadership are seen to be important elements for the success of a sibling team. Schjoedt, Monsen, Pearson, Barnett & Chrisman (2013), on the other hand, suggest that relationships among participants are far more important than a variation of competencies and skills when building a management team. Farrington et al. (2011), for example, found that open communication, managed conflict, encouragement, mutual respect and trust, as well as mutual support and understanding between the siblings, are vital for a high-quality relationship between siblings. They discovered that the relationship between siblings is responsible for their satisfaction in work and family, and also influences the financial performance of the business. Handler (1991) indicates that separate areas of responsibility positively affect the relationship among siblings; however, role clarity is not an important determinant of the success of a sibling team (Farrington et al., 2012).

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5. Summary of the Theoretical Foundation and Refinement of Research Questions

Family businesses are regarded as the driving force behind economic growth, job creation and social stability. In the D-A-CH region, 88 %–91 % of firms are considered family businesses and they are therefore the backbone of the economy (Stiftung Familienunternehmen, 2014; WKO, 2018). The dynamics of family businesses clearly differ from other businesses, for example, family firms value SEW rather than wealth per se, focus on longer-term achievements than on short-term profits and engage in more socially acceptable undertakings than non-family managers (Berrone et al., 2010). It is also said that family firms have a more trustworthy reputation (Tagiuri & Davis, 1996), and a more efficient and more flexible decision-making procedure is present (Hall & Nordqvist, 2008; Poza, Alfred & Maheshwari, 1997; Tagiuri & Davis, 1996). Ultimately, family businesses are a unique species as they need to balance two systems – the family and the business. As families rather follow an 'attachment communication' and organisations a 'decisons communication' (von Schlippe & Frank, 2013), it is not surprising that family businesses are *"a fertile environment for conflict"* (Harvey & Evans, 1994, p. 331; von Schlippe & Frank, 2017, p. 367). The family system is a highly emotional system which is driven by feelings that may range from pure love to deep envy (Kleve, 2019), and often stands in contrast to the business system, which is driven by rationality and facts. Thus, the interplay of both systems is increasingly important for the longevity of family firms (Kleve, 2019; Wimmer, 2007).

There is an increasing need and want for a change in product and business models, and especially for the innovation-driven start-ups, leading to a reconsideration of the agility, flexibility and innovation processes of traditional firms (Wimmer & Schumacher, 2009). Management scholars have documented the development of TMTs in order to meet the increasing demands of the complex and competitive environment of today (Carpenter et al., 2004; Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984).

Greenberg-Walt & Robertson (2001) called shared leadership the future model of leadership, not only in businesses that were merged, acquired or formed as a

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joint venture, but also for companies that simply reached a great size and complexity, and strived to cope with a demanding environment. Leadership and ownership succession that involves multiple family members is becoming common practice in Germany (Baus, 2012, p. 4), especially in the context of family firms. According to Aronoff (1998) the trend has been recognised as the most significant change in the family business environment. In fact, a recent study by PwC, conducted in Germany in 2016, shows that more than a quarter of family businesses aim to hand over the business to multiple children (PwC, 2016). Although transferring a family business from the patriarch to a team of siblings is a common and visible practice in Germany today (Baus, 2012, p. 4), academic literature on family business succession to several children is not well covered (Cater & Justis, 2010; Farrington, Venter, & Boshoff, 2011; Gersick et al., 1997; Rutherford et al., 2006). While there may be speculation that handing over the business to a sibling team is preferable to making the difficult decision of favouring one child over the other (Poza et al., 1997), thus avoiding family conflicts and maintaining a greater level of harmony in the family (Gilding, Gregory & Cosson, 2015; Schumpeter, 2010), it is also considered an appropriate approach to establish a pool of potential successors from which to choose (Aronoff, 1998) and to make use of available skills and resources. However, passing on the family business to a team of siblings also leads to complications but which can provide opportunities and challenges (Brun De Pontet et al., 2012, p. 1; Cisneros & Deschamps, 2015).

Sibling teams are said to be generally more intense and volatile than other leadership teams. Because of their joint childhood and adulthood experiences, the intimacy between siblings is much higher than, for example, between cousins. Leading a family business as siblings has advantages such as deeper knowledge and experiences with the other sibling, leading to a stronger and closer relationship between them; they share each other's passion, knowledge and the commitment to the family business, and support each other whenever they can. However, siblings know how to undermine and wound each another, a harmful experience that can easily lead to mistrust and hate, and they are constantly competing for the attention and favour of their parents. Thus, it is known as a fragile construct and often does not carry on to the next generation (Aronoff et al., 2011; Gage et al., 2004). In addition to the everyday business challenges, co-leading siblings also need to manage the dynamics and relationship between them as they are prone to psychodynamic effects such as sibling rivalry, marital discord, identity conflict and ownership dispersion among family members (Schulze et al., 2003a). As a logical consequence, managing conflict among family members can be considered the most important task for the success of the family firm (Dyer, 2003; Sorenson, 1999; Ward, 1987; Wimmer & Simon, 2019).

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5.1 Research Questions

Given the increasing trend of sibling teams steering the wheel of family businesses (Baus, 2012, p. 4) and the high failure rate of sibling partnerships (Aronoff et al., 2011; Gage et al., 2004), the research field of family businesses seems to neglect the phenomena of sibling teams. Although shared leadership and co-leadership is gaining attention among general leadership scholars, interpersonal dynamics among leaders remain rather superficial (Pearce & Conger, 2003, p. 2). Experts agree on the challenge of creating and maintaining a leadership team of siblings (Aronoff et al., 2011; Gersick et al., 1997). However, critical gaps exist in the literature on the topic of siblings leading a family business. Little is known about their interpersonal dynamics within the firm and their unique factors of success. Hence, no established theory exists that describes the behaviour and dynamics of a team of siblings within the context of a family business (Handler, 1991, p.22), and little is known about the requirements for building and maintaining a successful leadership team of siblings in the long run (Gage et al., 2004; Gersick et al., 1997; Ward, 2004b). Given the predicted trend towards sibling team leadership in family firms and the lack of academic knowledge, this study investigates the success factors needed for a functioning team of siblings. Thus, the qualitative nature of this study aims to concentrate on the following questions:
(1) Why are some co-leadership constructs of siblings more successful than others?
(2) What are the essentials needed to build and maintain a promising successor team of siblings?
(3) To what extent does the succession process influence the success and the longevity of a co-leading sibling team?

After developing a solid foundation for this research, which includes a literature review and an outline of the elaborated research questions, the method how to best identify the research problem remains unclear. The following paragraphs briefly outline the research design followed for the underlying study.

5.2 Research Design of the Underlying Study

The research design can be viewed as a plan that outlines the research strategy by considering the phenomena that need to be studied; it can therefore be described as the *blueprint* of the research. A research design *"is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of study"* (Yin, 2018, p. 24). Thus, a robust and elaborate research design is the foundation of a successful study, and therefore every empirical research study needs a re-

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search design, either implicit or explicit (Yin, 2018, p. 24). The underlying study follows the following research design outlined in Figure 6.

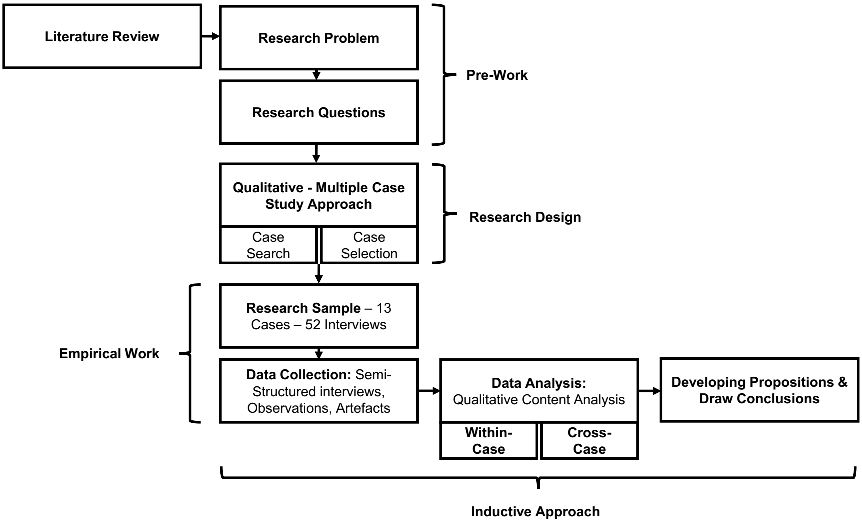

Figure 6: Underlying Research Design (Source: author's own illustration)

The research process started with pre-work, which included a detailed review of the literature in which the research problem could be detected and outlined by forming research questions. Having finalised the research problem, a qualitative research method with a multiple case study approach was considered the appropriate research method for the topic at hand. The case search was based on the case selection criteria (see Figure 12) that were predefined. The final sample consists of 13 family firms, of which nine are currently and four were formerly co-led by two or more siblings. Semi-structured interviews, observations and artefacts were the primary data collection methods that ultimately helped to answer the research questions. A qualitative content analysis with within-case and cross-case approaches were followed to analyse the data conducted. The research summed up with the development of propositions and the conclusions.

5.2.1 Recruitment, Criteria and Sampling Size

Based on the above-outlined research method, the question of how and where to acquire the appropriate research population to obtain remains open. Thereby, careful sampling can be considered as a crucial and most important part when following a multiple-case study design (Yin, 2018, p. 61). Creswell (2018) defines a research population as a *"[…] group of individuals having one characteristic that*

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distinguishes them from other groups" (p. 381). Yin (2018), for example, indicated that cases should either show similar or contrast results during the investigations to either produce a literal replication or a theoretical replication (p. 61). In this context, the research population of currently and once co-led family firms presents on the one hand contrasting results and on the other and within their own samples similarities. In general, the sample population shares the characteristic of co-leading siblings on top of family businesses and therefore distinguish themselves from family businesses that are led by cousins, married couples, non-family members or one member of the family.

Based on the abovementioned methodological considerations, defining the relevant target audience and gaining access to the field was crucial. A purposive sampling technique was followed as it allows to *"have those that will yield the most relevant and plentiful data, given your topic of study"* (Yin, 2011, p. 88). After formulating the research area as well as the primary objective of the study, tools such as the internet and word-of-mouth[23] were used to identify family businesses that are currently co-led or were formerly co-led by siblings in the D-A-CH region. Once potential participants were identified, contact letters and e-mails were sent out and several phone calls were made to successfully create a representative sample.

For the underlying study, the author decided to investigate and interrogate two controversial perspectives: firstly, family businesses that are currently co-led by siblings and, secondly, family businesses that were formerly co-led by a team of siblings and for whatever reason failed a successful sibling construct. The central part of the study will be formed by family businesses that are currently co-led by at least two siblings in the second or above generation in the D-A-CH-region.

The underlying sample consists of 13 cases of which nine are presently co-led by two or more siblings and four cases that were once co-led by two or more siblings.

The interviews took place between April 2017 and May 2018. In the case of currently co-led family firms, all siblings currently co-leading the business as well as at least one top management team member was interviewed. Thereby it needs to be mentioned that out of 52 interviews, 49 were held in person at the site of the company and the remaining three were conducted via Skype due to time constraints. Besides, due to the conflict-laden atmosphere of once co-led family firms, it was not possible to interview all parties. Thus, at least one member of the family – in three cases one once co-led sibling – could be interrogated.

23 Colleagues, professors, friends, family and other acquaintances were asked for any contacts to family businesses.

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5.2.2 Evidence Collection and Analysis Techniques and Procedures

It is important that the evidence collection procedure and techniques are guided by the research questions and the overall aim of the study. As data serves as the foundation for a research study, evidence collection methods need to be analysed precisely to find the ideal collection techniques. The data collection process for case studies is far more complex and time-consuming than other known research methods. To ensure the quality during the data collection process, Yin (2018) introduced the following formal procedure of four principles of data collection that are highly relevant to establish validity and reliability of the evidence (p. 126): (1) *use multiple sources of evidence;* (2) *create a case study database;* (3) *maintain a chain of evidence;* and (4) *exercise care when using data from social media source* (Yin, 2018. pp. 126–137).

For the researcher's purpose, five were used to collect primary data: (1) *interviews;* (2) *direct observations*; (3) *archival records*; (4) *documentation;* and (5) *physical artefacts.*

To gain a better understanding of the dynamics of co-leading siblings, the primary data focusses on three types of interviews, all of which are of a semi-structured nature (see Figure 14). Firstly, siblings were interviewed individually, giving the researcher the opportunity to obtain a deep background narrative of the company, the individual, the family and the co-leading construct of the case. It was therefore most important to build trust with both siblings, further encouraging the process for the group interview. In the underlying stage, themes and topic sections were built.

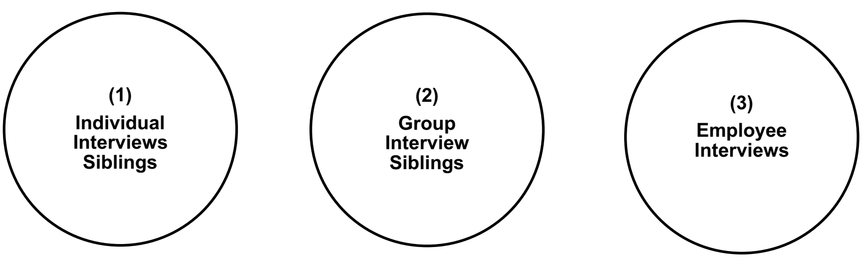

Figure 7: Semi- Structured Interviews (Source: author's own illustration)

Secondly, a group interview constellation was followed where all co-leading siblings were interviewed at the same time within the same room. The group interview procedure is very similar to individual interviews; however, interviewing a group of people lends itself to indirect communication and coalition building. Thus, a unique interview dynamic develops which allows the observation of further relationship and social conditions. Thirdly, at least one non-

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family individual from the TMT or a level below was interrogated in order to gain a different perspective on the dynamics of co-leading siblings.

In total, 2.644 minutes (i.e. more than 44 hours) were recorded from individual and group interviews with siblings and employees. The individual interviews with siblings lasted between 25 and 115 minutes, group interviews took between 25 and 68 minutes, and interviews with employees lasted between 28 and 54 minutes.

Analysing qualitative data means transforming a seemingly unlimited volume of data *"through analytic procedures, into a clear, understandable, insightful, trustworthy and even original analysis"* (Gibbs, 2008, p. 1). The transcriptions and any data, such as observations and documentation, were included in a post-visit report which again formed the basis for the analysis. From the perspective of Yin (2018), to *"play"* with the data and to browse through the evidence collected is one starting point for compiling the analysis (p. 167). Eisenhardt (1989) indicated that Yin's methodology could be overwhelming because of the seemingly unlimited volume of data, resulting in a so-called *"death by data asphyxiation"* (Eisenhardt, 1989, p. 540), and therefore case-specific descriptions were gathered, also called within-case analysis. Patterns on similarities and differences were detected and outlined systematically first in the within-case analysis. After following the in-depth within case analysis, a cross-case analysis was done in which further patterns across all cases were identified.

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Chapter B:
Empirical Findings

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6. Analysis of the Empirical Findings

As mentioned before, 50 interviews were conducted with 41 different interviewees of 13 unique family businesses that are currently or were formerly co-led by a team of siblings. Within one year, 2.644 minutes of audio recordings were transcribed into more than 840 pages of post-visit reports. Using the in-depth, detailed conducted material, a more than 267-page case study report could be developed, on which the underlying analysis is based.

The analysis of the empirical results is based on 13 case studies, of which nine cases are currently co-led by two or more siblings and four cases were formerly co-led by two or more siblings. It thus needs to be mentioned that the cases of the current co-leading sibling teams are the main focus of this analysis and due to the smaller sample, the former co-led sibling constructs are seen as complementary to this analysis. The following subsection will discuss both samples in detail; first, the sample of current co-leading sibling teams; and second, the sample of former co-led sibling teams.

6.1 Co-Leading Sibling Research Sample

The sample of current co-led family businesses consists of nine cases that are headquartered in Germany and Austria as outlined in Table 5. Given the fact that the majority of co-leading siblings have further siblings who are not actively involved in the firm; however, own shares, the co-ownership construct of two or more siblings shouldn't be ignored in the underlying study. Although not the focus of the research, co-owning sibling teams may have a profound influence on the co-leading team.

With regard to a strong family business and business family background, the following paragraphs are divided into these subsections: *co-ownership sibling team* and *co-leadership sibling team.*

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Company	Gen.	Age dif.	Siblings / Siblings in FB / Siblings in TMT	Years of Co-Leadership	Positions
metal producer	2	0	3/2/2	12	CTO CEO
Bulb producer	3	2	7/2/2	18	CTO CEO
Cantonage distributor	2	4	5/3/3	15	Managing Directors
handling firm	3	2	5/3/2	20	Co-CEO
exam provider	2	2	4/4/2	5	Managing Directors
film producer	6	5	6/2/2	5	CTO CEO
gadget factory	3	1	3/2/2	5	Co-CEO
house distributor	2	3	3/2/2	5	Managing Directors
injection manufacturer	3	8	5/3/2	10	CEO CSO

Table 5: Sample of Current Co-led Teams

With regard to a strong family business and business family background, the following paragraphs are divided into these subsections: *co-ownership sibling team* and *co-leadership sibling team.*

All nine currently co-led family businesses are currently 100 % owned by one business family. On average, the companies are held by 4.5 family members – ranging from three to nine family members – of the third generation. It is not surprising that the oldest family business – *film producer* – is currently owned by the highest number of family members in the most recent generation. Although the family business is presently co-led by the sixth generation, the ownership distribution was strictly regulated until the fifth generation by handing over ownership and leadership to the oldest son. Today, ownership is distributed between three people from the fifth generation and six people from the sixth generation. *injection manufacturer* and *metal producer* are co-led and co-owned by the third and second generation and are both co-owned by three siblings. Although leadership was fully handed over to the following generation in almost every case, it is evident that four out of nine family firms are still partly owned by the former generation.

On average, a family consists of 4.5 siblings, a family business is owned by 3.9 siblings, 2.6 siblings actively work in the family business and a family business is ultimately co-led by 2.1 siblings. In seven out of the nine cases, all siblings – active or inactive – are involved in the ownership of the family business. Thus, when

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comparing the number of owners with the number of people co-leading the family business, ownership and leadership are often treated independently. That being said, none of the cases showed sole ownership of the co-leading family members as they frequently involved non-active family members in the ownership layer. Although the business is on average co-led by 2.1 siblings, the ownership is mostly equally distributed between more than three siblings, if more siblings are present. Thus, in the majority of cases, all siblings – whether actively operating in the business or not – hold shares in the firm. Thus, except for cases such as *metal producer* and *cantonage distributor*, who distributed ownership according to the added value siblings bring to the company, all cases followed a strictly equal distribution. A positive attitude to equality is clearly seen in the underlying co-leadership constructs.

In the underlying sample, family businesses are on average co-led by 2.1 siblings. *Cantonage distributor* represents the only family business that is co-led by three siblings, while the remaining eight family businesses are co-led by two siblings. It is therefore clear that several cases were formerly co-led by three siblings. *Film producer,* for instance, was expected to be co-led by three brothers; however, before the succession process started, one brother decided to exit the family business for the well-being of the family and the firm. Thus, based on the aforementioned, it can be assumed that co-leading a business by more than two siblings lowers the chances of survival of family businesses.

The average length of all co-leading constructs is 10.2 years. The *handling firm* has been co-led by two siblings for approximately 20 years, whereas cases such as *exam provider, film producer, gadget factory* and *house distributor* have been co-led for five years. Therefore, the remaining four cases have been co-led by two or three siblings for seven to 18 years. With regard to sibling positions and the division of responsibilities, it is clear that strict separations of areas of responsibilities are present. Four out of nine cases co-lead the family business as CEO and CTO, one case as CEO and CSO, and the remaining four as co-CEOs or managing directors with a clear separation in the division of responsibilities. In this way, overlapping decision making that leads to conflict situations may be minimised with separate fields.

It is also relevant to mention the significance of the male gender in the underlying study. Seven out of nine family businesses are co-led by sole male constructs. *Cantonage distributor* and *exam provider* represent two cases that are mixed-gender constellations. From the aforementioned, it becomes evident that not one female co-leading construct could be acquired for the underlying study. It can therefore be assumed that the majority of family businesses are still succeeded to the male population, and mixed or female leadership constructs are rather rare. Due to the small sample and the absence of female leadership teams, a gender comparison is not possible in this study.

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6.2 Former Co-led Sibling Research Sample

In addition to the above, this chapter also discusses four family businesses that were formerly co-led by two or more siblings but, due to various reasons, decided to go separate ways. It is important to mention that the acquisition of such cases was especially challenging as most formerly co-led family businesses were not willing to discuss their experiences. Most potential participants indicated that they would not elaborate on the conflict and the reasons for their separation, and therefore several potential participants were rejected. The separation of the sibling teams took place between three and ten years ago. Table 6 gives a brief overview of the former co-led firms.

As mentioned before and in contrast to the current co-leading sample, ownership and leadership were considered one unit as the number of siblings, ownership and leadership is identical. *Korus producer* was co-led by four brothers, *larch factory* was co-led by one brother and one sister, *midi distributor was co-led* by two brothers and *nimmo commerce* was co-owned by two sisters. On average, there was approximately four years in age difference between the siblings, which is slightly higher than the current co-leading siblings.

The co-leadership construct of siblings functioned well until their goals and interests did not align any more. Thus, the absence of future perspectives by one sibling and the different degrees of risk-aversion played an essential role during their last years of co-leading. Because the seniors usually decided on the co-leadership construct, the absence of qualifications and leadership skills, were further personal issues that were significant in their separation. On average, family businesses were co-led 17 years before they decided to go their separate ways, for the well-being of the family and the business. After the separation, in two out of three cases one sibling continued to lead the family business.

Company	Gen.	Age dif.	Siblings / Siblings in FB / Siblings in TMT	Years of Co-Leader-ship	Positions
korus producer	2	5	4/4/4	24	Managing Directors
larch factory	6	3	2/2/2	20	CTO / CEO
midi distributor	4	5	2/2/2	10	Managing Directors
nimmo commerce	2	2	3/2/0	15	Co-Owner

Table 6: Sample of Former Co-led Sibling Teams

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6.3 Analysis – Business Family Layer

Families who own and manage a family business tend to use different definitions or layers for the term *family*. In the underlying study, participants differentiated between the wider family and the business family, depending on the ownership and the management status of family members. Thus, the wider family included all family members who are genetically related to each other and, depending on the closeness of the family, is used in a narrower or a broader sense. It needs to be mentioned that some interviewees defined their wider family as the mother, father, their children and grandchildren; and others defined family as their wider family including aunts, uncles, cousins, grandmothers etc. The term *business family* is more distinct as it is strictly linked to the ownership and management status of family members. Thus, every family member that holds shares or plays a significant part in the management of the family business is considered to be a member of the business family. Whenever parents have already handed over ownership to their children, the status of being a member of the business family is maintained; however, whenever ownership status ends, an inclusion of the business family is excluded.

The following paragraphs further explain the relationship between both siblings, their childhood experiences and the influence of the family business, as well as the co-leading siblings' personalities and characters.

6.3.1 Relationship Within Families and Between Siblings

The intensity of relationships within the business families of the study are diverse and, likewise, the intensity of the relationship between siblings varies from close and intimate to distant; most are dependent on their upbringing, their mutual interests and their hobbies outside of the business.

In general, the intensity of the relationship between co-leading siblings changes from the course of their childhood and early adulthood, to co-leading the family business. Thus, a u-shaped relationship curve is seen is several cases in which siblings experienced a close and intimate relationship during their early childhood. The ties in their later childhood and early adulthood were marked by conflict and rivalry, and their relationship was rather distant, as *bulb producer* indicated: *"[…] when we were kids, the entire family thought just one of us will survive. [laughs] We heavily fought on a weekly basis."* When siblings first start their educational paths, their relationship becomes close and intimate. However, eventually the majority indicated that once they began co-leading the family business, the intensity of the relationship and the number of gatherings outside of the family business decreased. Reasons for this are mostly linked to an

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awareness of the sensitivity of the two overlapping systems – family and business. An example of such a change in their relationship over the lifetime of both siblings is *film producer: "Since we have a lot to do with each other professionally here, we have little interaction privately."*

Similarly, *gadget factory* pointed out that the relationship between both siblings was clearly connected to the rivalry between them, and indicated the following: *"Sometimes closer, sometimes not that close. […] The competitive pressure was sometimes higher than it is today."* The intensity of their relationship is associated with the family business as they see each other more often due to co-leadership as one sibling of *gadget factory* indicated: *"It's amazing because it is difficult to say whether we have become closer through the company or whether we have gotten closer because we just have a much more to do with each other because of the company, probably both."*

In the underlying study, one can differentiate between close and intimate, and harmonious and distant relationships within the family layer. Business families consciously foster good and intimate relationships and know when to withdraw in order to maintain the relationship. Five out of the nine co-leading cases consciously foster a close and intimate relationship with each other outside of the family business. Thus, family vacations and family gatherings are important in promoting a good relationship within the family and, more importantly, to maintaining family cohesion, which again further benefits the performance of the family business. *House distributor, handling firm, gadget factory, cantonage distributor* and *exam provider* meet for regular dinners, and organise family vacations and events to strengthen family ties. *House distributor*, for example, arranges family vacations, regular get-togethers and considers the relationship within the family as close and intimate. *handling firm* is another example of a business family that spends vacations with each other to foster good relationships among all family members; the connection between the next generation is especially important for the co-leading siblings. *Exam provider*, for example, indicated in their family code of conduct that at least one weekend family trip per year is mandatory for all family members, as they aim for unity and peace in the business family. Thus, consciously fostering a good and healthy relationship with the entire family seems to be crucial for laying the foundation for a functioning team of siblings within the business.

Several families and siblings also exhibit a rather distant and reserved relationship among family members but a close relationship within the family business. Cases such as *bulb producer, metal producer, film producer, injection manufacturer* and *korus producer* mentioned that they prefer to keep their private lives separate in order to maintain a harmonic relationship at work. *Metal producer*, for example, illustrates a case where the family promotes an aloof relationship to avoid disputes and disagreements overshadowing any family

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festivities, as one brother indicated: *"Too many metal producers in one place is not going well. We, the whole family, often quarrel I would say we don't have such a great family life, […] Still, I would say that I have a very good relationship with my brother."* Likewise, *bulb producer* indicated the following: *"In private we do (…) that's pretty separate. Friend circles are different and separated. We see each other on different occasions like birthdays or semi-business events. But otherwise, we have different leisure activities."* Thus, due to their diverse interests and hobbies, the co-leading brothers prefer to keep their private lives separate but do share a close and harmonious relationship within the business: *"Because we are almost never together privately. We have completely different interests, completely different and we actually only meet here in business. [laugher] (..) So, in business we get along well." Film producer*, on the other hand, considers the family business as their connection to each other: *"We interact on a daily-basis, we talk a lot on the phone. Much more than interact with my other siblings. But that's not because we already had an extraordinary relationship within the family, it's because of the company."*

Consciously separating both layers becomes increasingly important to avoid tense, conflictual situations in one or the other layer. One sibling of the case *cantonage distributor* indicated the following: *"And what is also important that you see yourself privately and that you really think, that's company and now I'm private and I can't mix it up. Not that you're insulted or that you say, oh no, you annoyed me so much today, I don't go for a drink with you. That wouldn't work for us."* Any sorts of business conversations were therefore banned by non-active siblings in some business family households, as one co-leading sibling of *house distributor* indicated: *"[…] there is now the order that it is not allowed to talk about business when our mother cooks a fine meal. […] it is not desirable."* Consciously separating the two layers – business and private – seems to be essential in maintaining family harmony as it is clear that whenever a conflict or disagreement arises between siblings within the family business, it mostly originates from the family layer, and vice versa: *"[…] it has only ever had to do with family matters in the background." Injection manufacturer* also indicated that acting professionally at work is important for them; in other words, leaving out family emotions while taking decisions: *"I think a certain degree of professionalism is absolutely what they have here."*

Business families that never fostered a relationship within the whole family, resulting in distant relationships among family members, eventually separated due to the absence of a solid foundation. *Larch factory* – one of the four former co-led family businesses – indicated the following: *"[…] we have never had such a good relationship now that we were seeing each other constantly, at the weekend or at each other houses. That was never actually the case. […] it was enough for us to interact with each other in the business."* Another example of a rather distant

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relationship in the family and therefore also between the former co-leading siblings is the case of *midi distributor*. The age difference of five years, their private circumstances, as well as the jealousy between both brothers fostered a distant relationship in and out of the family business. In addition, *nimmo commerce* – a female construct – also indicated a rather distant relationship which was mainly due to jealousy, as one sibling was preferred by their father: *"[…] it was about these thoughts, who was actually preferred, who got more, is that justified?"* The case shows that harmony within the family could partly be saved by going their separate ways professionally: *"I think it wouldn't have been possible if we wouldn't have separated. So, I think if we would finally had a quarrel, then I think there would be no more contact today."* However, he also indicated that the harmony within the family is still present but not as close as it was before the separation. It is thus important to try to keep the peace within the family, whether a family business is or was present: *"So you are trying to at least maintain family peace."*

To sum up, the intensity of the relationship within business families varies from intimate and close to distant and reserved. This, as well as the management of relationships, can be seen as the foundation for trust within the family business. Family businesses that are currently co-led by siblings foster a close relationship within the business; however, outside the family business a range of intensity in relationships is seen. Whereas more than half of the cases consciously promote good and intimate relationships by spending time with each other, the other half prefers to keep their private lives separate to avoid any interference from one layer to another. In addition, former co-led family businesses had a very distant and cold relationship with each other and had no interest in cultivating a closer relationship when co-leading the business.

Thus, consciously fostering a close and intimate relationship within the family can be seen as the foundation for a functioning team of siblings, and it can be assumed that it is also beneficial for a functioning team of two or more siblings. In addition, former co-led sibling teams in general have a distant relationship or have no contact after their separation but aim to regain the harmony and the relationship within the family.

6.3.2 Childhood and Early Adulthood

The childhood and early adulthood experiences of siblings who participated in this study are quite diverse, with a correlation between the location in which they grew up and the influence of the family firm on their childhood experiences.

In the majority of cases, siblings grew up either right next to or close to the family business and the family business therefore significantly influenced their

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childhood. *handling firm*, for example, indicated: *"[…] our house was the centre for both – the family and the business.*" Thus, the family business played a significant role while growing up in the rural areas of Germany and Austria. The influence of the family business on the young siblings is not surprising, as *metal producer* indicates:

> "Well, in the end it was always about the company, everything was about the company. At lunch, at dinner and thus we grew up with the company."

In the majority of business families, the firm was considered the most important family member and was treated as the highest priority, as *bulb producer* indicates: *"But it was always clear that the company was number one – so the priority."* In a similar vein, *exam provider's* siblings perceived the family business as the fifth child that was significantly preferred by the family: *"Yes, it was like the fifth sibling, which was actually born first – before the others." Handling firm* indicates that the firm was the centre of attention within their family life. On the one hand, the firm was greatly appreciated as it gave them financial stability, and on the other hand, it was considered as the sword of Damocles that forced them to put aside their individual needs, as one sibling of *handling firm* said:

> "The family life consisted of four fifths of the business. That was the fat thing that was hanging over everything. Actually, on the one hand, it was the enabler that made a certain amount of prosperity possible. And on the other hand, it was also a sword of Damocles – you knew that you had to subordinated yourself."

It becomes evident that the firm plays an important and significant role within the business family, influencing the majority of siblings' childhood and early adulthood. Their upbringing is significantly aligned with the needs of the family business and, early on in their lives, siblings became familiar with the family business. From case to case, it is seen that fathers notably influenced their children's career paths as they aimed to choose at least one successor for the family business. One brother of the case handling firm narrates the following: *"[…] when we drove the car around with our father at the age of 14/15, he asked, 'Well, David, if you want to open this branch, look at it, this thing is going like a clockwork, earns a million every year, you couldn't wish for more.'"* In a similar vein, *korus producer* indicated that early on, their father announced that: *"[…] my sons all enter the firm."* One brother further explained that Sunday visits to the firm after church were considered a weekly obligation for all four sons, and so they were committed to entering the family business: *"[…] before we went to church on Sunday mornings, we first went to the firm to see how the production runs. That shaped us and we were all pretty early on committed to enter he firm."*

Similar to the above, the non-existing family life is also seen, such as in *metal producer*. Both siblings perceived the influence of their father as rather dis-

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turbing, as one brother indicates: *"[…] early on our father has influences us. That was always, for him it was always about the firm and nothing else. And that kind of rubbed off."* In addition, at least one sibling of the former co-led cases – *korus producer, larch factory, midi distributor* und *nimmo commerce* – perceived the impact of their father and the influence of their family business as negative. It can thus be said that a correlation exists between the negatively experienced control of their parents and the failure rate of the business. In other words, if the influence of their parents is perceived as negative, the chances of a functioning leadership team are lower.

In contrast to the majority of siblings who grew up with the family business and knew from an early age that they would eventually lead the family firm, three out of nine cases indicated that their childhood and early adulthood was not marked or influenced by the family business. Their parents consciously raised them at a distance from the family business. Parents (i.e. seniors) who were pushed to enter and eventually to take over the family business by their own parents were far more aware of the connection between the family and the business when raising their own children. G*adget factory* further indicated that their parents, for example, consciously tried to separate them from the family business. Similarly, the brothers of *film producer* said that although they grew up next to the family firm, the family business was seldom a topic during lunch: *"[…] in fact, less have been spoken about that topic,"* and their father never took them on Sunday factory visits; they therefore reported a rather distant relationship to the family firm: *"[…] we also had no special relationship with this firm."* This non-existent relationship led to them developing interests of their own: *"[…] it was, so to speak, the unknown, the fascinating unknown universe."* No clear correlation as to whether the family business influences the siblings' aim or interest in entering the family business is therefore present.

In the underlying cases, it is assumed even today that the oldest son would eventually lead the family business. In most cases, the oldest sibling knew from a young age that he would eventually lead the family business, if the oldest sibling was a male. In cases where the oldest child was a female, the next following male child was the designated successor. In the case of *cantonage distributor*, for example, the second oldest brother was considered the successor as the oldest brother followed another profession. In addition, the first-born son and therefore the expected successor reported on the influence of the family business and their father in early childhood and childhood. Second- or third-born sons or daughters were not as connected or attracted to the family business and at first did not plan on joining it. Thus, it is evident that the first-born and the later-born children start from different positions. *bulb producer*, for example, illustrates a case in which both brothers experienced the influence of the business differently. The oldest son indicated that the family business marked their childhood and

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early adulthood as they grew up in the family business; he also said that he never experienced the family business as a strain: *"Not at all (..) never a burden at all."*

In contrast, the second-oldest son experienced the influence of the family business as a strain as he never identified himself with the family business: *"So, for me it was more the case that I didn't identify myself at all with the company or that I said that I'm really proud of it, but rather that I held it back. More often did I held it as a secret […] So, in that respect it didn't (..) make me proud, but rather that I found it disturbing."* Similarly, the co-leading *house distributor* siblings were raised around 50 km away from the family business. One brother indicated that the family business marked their childhood and the younger brother again stressed that their childhood was not influenced by the family business: *"[…] that didn't have any direct impact on it."* Thus, the second- and later-born children did not show the same affinity to the business and enjoyed a pressure-free life.

Gadget factory, for example, is a case where the older brother was always interested in joining the family business and the younger brother refused to enter it. The pressure was therefore taken off the younger brother who then had the freedom to follow his passion: *"[…] it gave me the freedom to do something else. I actually thought that was quite good, it took the pressure off."* Thus, whenever the first-born child decides to enter the family business, the second- and later-born children have the choice to do something different. It gives them the opportunity to go in different directions before they may develop an interest in joining the family business. It gives them different starting points as well as a different perspective towards the family business and the co-leadership construct. The abovementioned seems to be one common success factor of most teams of siblings. One brother of *bulb producer*, for example, indicated that if both had planned on joining the family business, the chances that it would have worked are low: *"[…] if I had known that I wanted to go to the company and I wanted to have a role, it would probably have been more difficult."* Thus, the different starting points clearly affect and impact on the co-leadership construct.

Regarding their educational paths, most of the siblings aligned their educational studies with the family business. Three cases show that one brother pursued engineering studies and the other brother studied business; they later co-led as CTO and CEO. In the case of *korus producer*, the youngest sibling chose a more strategic approach while deciding what to study. He consciously decided to pursue his studies in law as none of his brothers had covered that area:

> "My eldest brother had studied business administration, my second eldest brother is the technician in the family, the third eldest had done a commercial apprenticeship and consequently I thought the best thing for me was to be able to map my own area in the firm, and that's why I started a law degree."

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Thus, the majority of siblings, and especially the first-born children, aligned their studies with the family business. If they were unsure whether to join the family business or not, they studied a subject more general with the possibility of entering the family business. The second-born or later-born children more often pursued different studies and careers, such as the third son of *cantonage distributor* and the second son of *gadget factory*. In the case of *film producer*, all four sons studied business, which was clearly supported by their father: *"So, everyone started with business administration or economics and my father always found it interesting that as many as possible do so that the pool of potential successors becomes as big as possible."*

To sum up, all cases experienced a unique childhood and early adulthood in which the family business usually played a significant role. Whereas the majority of siblings grew up close to the family business and experienced an entrepreneurial upbringing, several exceptions are also present in the study, where parents consciously tried to raise their children without the influence of the family business. Parents, and especially the leader of the family business – mother or father – played a significant role in developing an interest in the family business. In general, parents did not push their children to show an interest in the family business, but early on in their childhood, openly expressed their wish for an internal family succession. In this vein, a stronger bias towards the oldest son is more often seen than towards the youngest son. Daughters are still not considered as successors to the family business. Furthermore, more pressure is placed on the first son than on all the other siblings, and therefore first-born siblings mostly aligned their educational paths with the family business.

6.3.3 Personalities and Characters

The average age difference between co-leading siblings in the underlying sample is around three years; the siblings of *injection manufacturer* are eight years apart and *metal producer* siblings are twins. Thus, on average there is a rather slight age difference, which seems to be beneficial for a team to function well. In contrast, former co-led siblings indicate a far more significant age difference of approximately five years. Thus, siblings with smaller age gap share similar interests and have a far more intimate and close relationship than siblings with a bigger age gap. Consequently, one can assume that a smaller age difference is far more beneficial for the success of the sibling team and increases the survivability of a sibling team.

Concerning the personalities and characters of co-leading siblings, diversity and a heterogeneous mix of siblings is apparent. Although all siblings indicated

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that they are *"very different from the personality"*[24], they share identical values and standards that stemmed from their shared upbringing. Thus, reliability, trust and togetherness are, among others, the most essential values and norms all siblings share and expect their brother or sister to value.

Several differences between the siblings can be identified. Whereas the majority of co-leading siblings are a mix of introverted and extroverted siblings, such as *bulb producer, metal producer, house distributor, film producer* and *injection manufacturer,* in the case of *handling firm, exam provider* and *cantonage distributor*, they consider themselves slightly more extroverted than introverted. Introverted siblings are defined as siblings who prefer the other sibling to take the lead regarding making speeches within and without the family business and are more concerned about processes within the family business. *Film producer*, for example, indicates that one brother considers himself an introvert and the other brother describes himself as an extrovert, as he indicated in the following:

> "[…] moreover, my brother is certainly a little more interior minister, and I am a little more foreign minister."

Thus, the more extroverted brother prefers to represent the family business by holding speeches internal and external, while the introverted and technologically savvy prefers to manage the internal operations of the business without the spotlight. Similarly, both siblings of *bulb producer* explained their differences as the one brother being more impulsive and wanting to represent the family business in official meetings, and the other brother being more emotional, restrained and prefers to pull the strings from the second row. Both consider their complementation as a resource and a possible success factor, as one brother indicated: *"My brother is certainly more impulsive than me, more emotional (..) representative, he has the urge the urge to go outside, and also very happy to make contracts, to represent the firm, is what he likes to do. I am rather reserved. This is actually a lucky constellation."*

In the cases of *metal producer* and *gadget factory*, significant differences related to their academic backgrounds are seen. One sibling of each team pursued technical studies and can therefore dig deeper into a topic or problem, can dedicate himself to a specific topic for weeks or months, are detail oriented and have an affinity with numbers. Unlike his brother, one brother studied business, does not like to delve into a topic or a problem, likes to act according to his gut instincts and prefers to take quick, spontaneous decisions: *"My brother is very spontaneous, he makes decisions a little too quickly for me, sometimes a little thoughtlessly, and I rather take my time there, he is more spontaneous there, he*

24 bulb producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

cannot deal intensively with a problem for hours, it always has to be quick. (..) It's a little different for me. But it can also be due to my education as an engineer."

Similarly, *metal producer* and *gadget factory* also indicated that one brother is calmer than the other and considers themselves as fundamentally different due to their areas of studies, as the older brother said: *"My brother is often not interested in details and I enjoy details."* In addition, at least one brother is always the driver and the one displaying more entrepreneurial behaviour. For example, the youngest brother of the *cantonage distributor* siblings: *"Our younger brother is more like the demanding one, he wants more, he is on fire, he wants to become number one."* Although siblings describe all those differences as exhausting and uncomfortable in certain situations; however, the awareness of the better outcome is present and valued: *"[…] if you want to do something you have to make an effort and the effort may not be pleasant at the moment, but the result is pleasant or better afterwards."*

Thus, the differences can be seen as a resource, complementing their co-leadership structure. Each sibling has different interests and therefore also different talents and abilities. Creating a co-leading team includes making use of each other's skills, talents and abilities, ultimately complementing each other. Therefore, it seems to be: *"The MOST IMPORTANT thing there is."* Differences in personality, interests and abilities are beneficial if their differences are viewed as a resource. Consciously exploiting these differences can be considered a success factor of a functioning team of siblings, as *metal producer* indicated: *"What I miss, he has and what he lacks, I have. And that's just bigger. So, if one of us ran the company, it probably wouldn't go well. He has his strengths that I don't have, and I have my strengths that he doesn't have."* In contrast, *injection manufacturer* pointed out that differences in their personalities, characters, interests and passions were not obvious and therefore they were not used as a resource. One of the brothers further explained that each of them fulfilled their jobs but neglected using their different talents: *"Yes, we used the resources of differences in a way that everyone fulfilled his part, but there would still be some potential at the interface."*

To sum up, the personalities and characters of the underlying siblings are diverse and heterogeneous. One can differentiate between extroverted and introverted siblings within a team of co-leading siblings. Although different personalities and characters increase the potential for disagreements and conflicts, each of them values the other sibling's strengths, which could be used as a resource with regard to customers, employees and suppliers. Using their combined resources is seen as a competitive advantage and is highly valued by the siblings.

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6.4 Analysis – Family Business Layer

The underlying multiple-case study consists of 13 businesses that are currently or were formerly co-led by two or more siblings. This subsection sheds light on two different themes. First, it will outline the different entry strategies that each sibling followed; and second, generational conflicts regarding the ownership and leadership succession process will be further outlined. Entering the family business and the process of taking over the firm is considered preparation for co-leading the business with siblings; investigation into it is thus extremely valuable. Similarities and differences in the entry strategy, succession process and any generational conflicts were noted and will be outlined below.

6.4.1 Entry Strategies

The entry strategies of siblings are quite diverse. More than half of the participants of this study entered the family business without undergoing in-depth work experience outside the family business. One sibling of *metal producer*, the older female sibling of *exam provider* and the male sibling of *handling firm*; both siblings of *gadget factory*, the youngest male siblings of *injection manufacturer* and *cantonage distributor* all show minor external work experience. Only *metal producer*, *gadget factory* and *injection manufacturer* underwent leadership experience outside the family business for more than three years. today, almost every sibling indicated that they would have preferred to gain some work experience outside the family business; however, most seniors did not see the necessity for this.

In the case of *house distributor*, on brother indicated: *"My brother and I both came directly to the company after completing our studies because my father wanted that."* The entry strategy of both brothers of *metal producer* was similar as they were persuaded by their father to start working in the family business: *"[…] but there was no other way, he wanted me to come back after 12 months. Actually 2 years were planned in England. And then I did so"*, and the other brother experienced the same procedure: *"[…] then he said, 'come on, now you're doing your thesis in the company' […] and then of course I entered and I then couldn't get out anymore."* Although, it seems increasingly important to gain several years of work experience outside the family business in order to develop self-confidence and the needed competence, the minority of siblings experienced external work experience.

Regarding entry strategy, one needs to differentiate between a planned and structured entry, and unplanned and unstructured entry. The majority of cases indicated that a detailed roadmap was missing and therefore unplanned and

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unstructured entry strategies are most prevalent in the underlying sample. In the case of *bulb producer*, for example, both siblings entered the family business due to a job opening that needed to be filled. Thus, as their mother needed a trusted person in a subsidiary in Germany: *"She had no one to do it, so she said to me 'you do it.'"* In the same way as B2's older brother, an opportunity occurred to enter the family business, as B2 narrated: *"[…] and then the manager retired and then we just said 'B1 now it would be the right moment to enter. Yes or no?'"*

Not unlike *bulb producer*, the older sibling of *film producer* and the youngest siblings of *exam provider* entered the family business to take over a subsidiary. It was important for them to not work in the same subsidiary as their father, giving them more freedom to develop their own competencies and confidence. Often, the incoming generation were thrown into the deep end by being assigned tasks and responsibilities which they thought they were incapable of doing, as the older brother of *house distributor* indicated: *"[…] then I was thrown into the cold water again and again."* The entry strategy of the former co-led *korus producer* can be considered a prime example of an unplanned and unstructured entry, as on brother indicated: *"'then we'll open the mail together' […] then you got some tasks and now you take care of the calculations."* Further examples for an unplanned entry are seen in the case of *larch factory* and *midi distributor* – a formerly co-led family firm – as one sibling of *midi distributor* indicated in the following: *"[…] that was not a discrete event, but if you like it was a centre of gravity. As a toddler you always grew up with the business, so you slipped in slowly."* Thus, almost all cases show a rather unplanned and spontaneous entry strategies without considering their duties and responsibilities. As the majority spent their childhood and early adulthood close to or in the family business, the entry was not considered as a special event, but rather as a logical step.

In contrast to the aforementioned cases, several cases followed a structured and planned entry strategy. The siblings of *exam provider*, for example, clearly prepared themselves and collected some work experience before the entering the family business. Before they entered the family business, they started with their succession planning as a family and, for about 10 years, prepared themselves to enter the family business:

> "We have tried to do what suits us, what we are good at, and then 15 years ago when we began the succession process, we looked how it can work, to what extent can we qualify, do we want to do it together, who wants to do it? And these questions really only emerged over the years."

External consultancy consultant two to three times a year to discuss the future of the family business was made use of in this delicate process. Consequently, each of them had an entry plan that was designed by them and included a rotation programme.

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Gadget factory represents one case in which both siblings successfully pursued careers outside the family business before they entered the business with a planned entry strategy. When they entered the family business, a structured plan was designed that enabled them to fast-track to the TMT: *"And then is a long process, together with our father, the supervisory board and an external consultant, we considered whether this could be interesting and came to conclusion that we want to do it."* Thus, whenever a planned entry was followed, the successor took on a more responsible leadership position earlier in their careers than successors who follow an unplanned entry. Whenever successors occupied the role of an assistant (i. e. of the senior or any other management member) for too long, his or her motivation, drive, competence and confidence decreased. It is therefore essential for successors to step into a leadership role early on to further develop self-confidence, competence and know-how.

The entry strategy usually differs from the first- to the second-born and the later-born siblings. Thus, first-borns usually experience an unplanned and unstructured entry, while their siblings who entered several years later took a more strategic and structured entry strategy. One example is the youngest brother of the *cantonage distributor* siblings, who joined the business with the prospect of taking over the family firm and a clear roadmap, whereas his siblings had no clear entry strategy or motivation to enter the firm. Similarly, the youngest sibling of *korus producer* also indicated a more planned and structured entry than his three siblings did before.

In addition, factors such as the size of the company, the attitude and motivation of the siblings and especially the exit strategy of seniors are three important indicators of success. Depending on the size of the company, the entry strategy and process is different. Smaller companies promote a somewhat unplanned and unstructured entry strategy than bigger companies that prefer more planned and structured entries. *Handling firm*, for example, shows clear structures in their entry strategies in which both siblings took over a different section of the family business: *"Very far apart. So, my brother developed Region 1 and I developed Region 2. Completely different situation. […] So, there is no overlap."*

Also, both siblings of *gadget factory* experienced a planned entry strategy that was pre-planned for several years. *Metal producer*, *bulb producer*, *cantonage distributor*, *film producer* and *house distributor*, for example, went through a rather unplanned structure which resulted in tensions and conflicts. It goes without saying that the motivation and the attitude of the child towards the family business is one of the essential requirements for success. Behaviour patterns of seniors are the third significant factor in the entry strategy and, therefore, for the succession process and the co-leadership of the family business. Several examples indicated that some of the senior generation refused to plan, and others cautiously prepared their exit strategy. Thus, in the cases of *metal*

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producer, bulb producer, film producer, larch factory, midi distributor, korus producer and *nimmo commerce*, seniors refused to think about exiting the family business, as *metal producer* indicated: *"He was there until the end (…) and just couldn't let go."* Often, tensions as well as conflicts escalated to the point where successors were forced to exit the family business. It is thus increasingly important for seniors to participate in his or her exit plan.

In contrast to these three cases – *handling firm, house distributor* and *gadget factory* – the father deliberately retired and fully exited the family business when the next generation entered the family business. Both fathers did not want to risk the succession failing and handed over the responsibility of introducing and teaching their children to non-family executives. *Handling firm*, for example, indicated the following: *"He then wanted to have nothing to do with us in the management."* The second example shows that the senior exited operational activities and took a seat on the advisory board when the siblings entered the family business: *"[…] he was chairman of the board. There was already external management, which was positive, so, we never actually had to deal with our father about operational issues."* Similarly, *house distributor*'s senior also stepped back when the first son entered the family business, thus avoiding and preventing any tension between them: *"[…] that's really special because my father has taken so much back on most things […] So, there was really, very little friction at that point. And that certainly helped a lot, yes, […] And probably could have reduced the fun very much."* From the above, it can be assumed that the attitude towards an exit strategy of the senior generation is a significant factor for children entering the family business. The longer an incumbent hold onto leading the family business, the lower the chances of a successful succession.

In general, future co-leading siblings did not enter the family business at the same time. Due to the age difference as well as their different educational paths, the older siblings usually started to work in the family business before the younger ones, and consequently gained an advantage in the knowing their employees over the later-born siblings. That being said, these advantages balance out over a period of time. Thus, whether a sibling enters the family business earlier or later does not correspond with their position in the family business. However, the first one to enter the family business has first choice in his or her focus areas, and the siblings who follow have to find different focus areas.

Another significant factor in the entry strategy of siblings is limiting contact and avoiding subordination. A separation of territories and areas of responsibilities was majorly considered early on in order for them to develop their own competencies and areas of expertise. In most cases, one brother started in the technical field of the business and the other one in sales. Therefore, significant contact was limited and each of them could develop their expertise before a natural alignment of the siblings occurred. In the case of *metal producer*, in which

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one brother was the assistant of the CTO and the other brother the assistant of the sales manager, no contact existed until both took over executive positions.

To sum up, there are many factors that are crucial for the entry of siblings into the business. First, it is important that siblings find their own area of expertise before entering the family business, by gaining work experience outside the family business. Although planning an entry strategy is recommended, most cases were unstructured and unplanned. The difference between smaller and bigger companies is that smaller companies prefer to follow an unplanned and unstructured succession, while bigger companies aim for a more structured and planned entry of their successor. In this study, it is evident that although siblings may know that they will eventually co-lead the family business, they never enter the business at the same time. Thus, when the second or third sibling join the first sibling in the firm, it is advantageous to limit their contact as it allows all siblings to develop their own areas and competencies. The length of time before they achieve a leading position within the family business is seen as significant for the further development of the successor. Thus, the quicker the successor achieves a leading position, the quicker the development of self-confidence, leadership style and competency. Behavioural patterns of the senior generation seem to be increasingly important. The longer the senior refuses to engage in his exit strategy, the more harm it does to the succession.

6.4.2 Ownership and Leadership Succession Process to a Sibling Team

Handing over the family business from one generation to another is seen as the most critical time in the lifecycle of a family business. Besides important influencers such as family and the surroundings, two different interest groups and their paths need to be considered when analysing the succession process: the exit of the senior, and the entry and takeover of the succeeding generation. Transferring a family business to the next generation entails two succession processes: the succession of ownership and the succession of leadership.

It is evident that both succession processes took place at different times. Ownership succession mostly started before they entered the family business due to tax benefits, and ended when full ownership was transferred years after they took on leadership roles within the family business. In contrast, the minority of cases encouraged a planned leadership succession process. *Exam provider*, for example, planned their succession process approximately ten years before the first sibling entered the family business. Others, such as *handling firm* and *cantonage distributor*, began to prepare for succession when they joined the family firm. In contrast, other cases indicated that official succession planning

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never took place: *"And as I said, we somehow grew into it. It wasn't career planning; it wasn't life planning."*

In each case, transferring ownership from one generation to the other is a delicate situation within the family and was approached differently from case to case. Whereas most siblings were involved in partial ownership from an early age, some seniors preferred to leave the ownership succession issue for others to tackle when they passed away.

Thus, some cases planned and supported an early partial transfer of ownership and a late full transfer of ownership. Reasons for the early partial transfer of ownership from the senior to the junior were tax benefits. Thus, in the case of *handling firm*, both interested juniors were partial owners of the family business by the age of 18 and complete owners several years later: *"It started in the late 80s. The last shares he gave only six years ago."* Because the senior was adversely affected by his father handing over power at a late stage, he decided to transfer ownership and leadership when he was around 50 years old, as one brother narrated: *"And that's why he handed over shortly after he turned 50. I think he handed over that early because he had to fight so long to get the shares himself. So, I think he took that as an occasion to hand over."* The senior of *gadget factory*, for example, managed the succession process and handed over ownership before his 70th birthday: *"[…] at 70 I want to be completely out and hand over the shares beforehand."* Likewise in the case of *exam provider*, a clear ownership succession plan is seen in which the owner had already handed over the ownership when the siblings took over the co-leadership: *"Our father always wanted that when he turned 67, that he would then like to hand over the baton, so we prepared it for him a bit secretly, so that everything really happens around his birthday, the 67th and that was 2015."*

Others partially transferred ownership early on and then stayed as a majority owner until they fully retired or until their death. Thus, in the case of *cantonage distributor*, all siblings were involved in ownership early on; however, full ownership transfer has yet not taken place: "*Yes, we actually had no real handover of the company, because my father is still the main shareholder."* Similarly, the case of *house distributor* also indicated an early partial involvement; however, a full ownership transfer is not yet planned. In the case of *film producer*, it was also evident that the senior holds the majority of shares: *"And now we hold just over 60 % of the company shares. So, my father has already separated from the major part of his company shares."* In *cantonage distributor*, the former generation holds more than 65 % of the shares early on handed over 35 % due to the tax benefits: *"And that was possible without gift tax or without anything at that time. And then he gave us shares."*

In contrast to the above, the following cases indicate a rather late transfer of ownership. In the case of *bulb producer*, for example, leadership and ownership

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succession occurred at the same time and was evidently a difficult process. The mother of seven children and the matriarch clearly resisted transferring the responsibility to her children until the age of 75, when the juniors forced the transfer of ownership and leadership of the family business. After years of conflicts and disagreements within the family, the designated successor threatened to leave the family business. Thus, the inability to hand over full responsibility to the next generation almost led to the successor deciding on another career path. Similar to *bulb producer*, the senior of *metal producer* was the assigned managing director until his death: *"My father died three years ago and was a managing partner until the end. Until the bitter end, he was 84 years old. He couldn't let go."*

Both cases indicated that the late hand-over of ownership did not directly interfere with their teamwork; however, the tense atmosphere may have negatively influenced teamwork between the siblings. Handing over ownership earlier, therefore, could benefit the sibling relationship as well as the development of the succeeding team. Furthermore, in instances where the senior made decisions that were not fully supported by the succeeding generation, a strong clash of wills between the co-leading siblings and their senior occurred as one sibling of metal producer indicates: *"We rather held together and then it went against the father."*

In the case of *nimmo commerce*, the senior never talked about succession and therefore conflicts between siblings increased when their father passed away: *"in addition to personal differences or problems, which my grandfather also caused, by not clarifying things from the start, i. e. who should take on which leadership role, who should actually be leading the firm and how actually the governance should be, (..) there were also a lot of business-strategic questions where the family had a conflict."* Thus, it becomes visible that not planning succession leads to disagreements and conflicts in the next generation.

In general, examining ownership and leadership independently has become increasingly important for business families. Leading the family business does not include 100 % ownership of the family business, as all cases show in this study. Siblings tend to not differentiate between active and non-active siblings, as well as between female and male siblings. In the underlying sample, one can therefore distinguish between an equal and unequal distribution of ownership for the succeeding generation.

Bulb producer, gadget factory, korus producer, house distributor, film producer, handling firm and *exam provider* equally distributed the ownership without differentiating between active and non-active family members, or female and male family members. *Korus producer*, for example, follows a principle of equality within the family and its ownership of the family business: *"Exactly what then also followed is the principle of EQUALITY." Film producer* indicated that

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they aim to separate ownership and leadership, and rejected the predicted male ownership as all descendants have the equal right to ownership:

> "[…] we basically have this ownership sphere and the management sphere of the family business, which we have now separated and that was always the same in the past. And today the company is run by my brother and me, and we have as many shareholders as siblings."

Although it has been common to transfer ownership solely to sons due to the following argument: *"The boys have to feed the family,"*[25] the aforementioned cases did not distinguish between female and male descendants. In two cases – *gadget factory* and *film producer* – the gender specification was predicted by the senior, as one brother of *film producer* indicated: *"For my father it was important that they were boys, so the girls were never asked."* After their father handed over ownership, all four brothers decided to equally distribute ownership among all siblings, as one brother indicated:

> "It had something to do with gender and with the idea that it would be a good thing that we would always bundle entrepreneurial shares in executive power. It was always an idea; it is completely unnecessary. (..) but there was a different tradition in our family and then we undid it again and we discussed it in peace and then we boys gave my sisters appropriate portions of shares so that they now get the same."

Thus, the existence of the two sibling constructs – the co-leading sibling construct and the family sibling construct – led to further complexity and potential conflicts which they aimed to tackle by the equal distribution of ownership as one sibling of *film producer: "[…] because we actually believed these potential conflicts, so we are not two brothers and that is the family, but we have a sibling constellation in the management of the company and we also have another so to speak an expanded sibling constellation in the family and that's why we have a double complexity from this sibling topic. And of course it was also important to us – so, everyone always talks about peace between brothers in the family company which always means this management corporation – but for us it was also important what about the non-active siblings."*

In the case of *handling firm*, against their father's will, both brothers decided to equally distribute the shares of the group to all four siblings: *"That was rather the wish of the brothers to give everyone the same amount. Where he wasn't for at all."* One brother pointed out that his brother's wish for equality was the real reason why all the brothers are equal shareholders of the group: *"And the fact that the other brothers came in was more due to my brothers' sense of justice, who said let's all get involved in the same way. […] And I say because our mother raised us like that you can't eat more than a chicken anyway, I said yes."*

25 injection manufacturer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

In cases such as *metal producer*, *injection manufacturer* and *cantonage distributor*, an unequal distribution is seen in which the leading sibling possesses more shares and also often an extra vote. Thus, in *cantonage distributor*, non-active siblings were not included in the ownership structure: *"[…] but then Dad said that only the children who are active get shares, the other children have to sign the waiver." Injection manufacturer* differentiated between genders with the result that male siblings received double the ownership to females, as: *"The boys have to feed the family."*

To summarise, the objective is for equality in ownership and not to differentiate between active or non-active siblings, and male or female descendants. The leading siblings mostly insisted that ownership be equally distributed between all siblings. In some cases, this was even against the will of their father. In other cases, the senior insisted on an equal distribution as they did not want to favour one child over another. It appears that the act of equal distribution creates a harmonious relationship within the family, intentionally avoiding the possibility of disagreements and conflicts regarding ownership distribution. It is crucial, however, not to underestimate the strength of a harmonious sibship and its positive impact on the co-leading construct. It can be assumed that the co-leading team benefits from the harmonious atmosphere between the shareholders and non-active siblings. Furthermore, cases that promoted an unequal ownership distribution also showed an accepted and agreed upon asymmetric co-leadership construct.

Similar to ownership succession, leadership succession is identified as the most critical phase of a family business (Cadieux, 2007; Isabelle Le Breton-Miller et al., 2004; Ward, 1997). As there are no templates for family businesses to follow, each succession process is unique. The underlying cases show different leadership succession processes which again can be clustered according to similarities.

As in the ownership succession process, one can differentiate between a planned succession process and an unplanned succession process. A unique example of a planned and structured process is *exam provider*, as they began the process approximately eleven years before the succeeding generation joined the family business. When their parents initiated the discussion on the future of the family business, they appointed a consultant to guide the process and prepare the siblings: "*We did it very classically, our father actually asked us a long time ago, I think 15 years ago – when he was also very young – 'how does it look, there are many different options, I get many purchase offers, are you also interested in the fact that the business will remain independent and in family hands in the following generation?'*" All four siblings began the succession process with the goal of preparing themselves to become active shareholders and leaders, as one sibling indicated: "*We have tried to do what suits us, what we are good at, and then 15 years ago when we began the succession process, we looked how it can work, to*

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what extent can we qualify, do we want to do it together, who wants to do it? And these questions really only emerged over the years."

During the process, the siblings developed a family and corporate governance, and completed a *family codex* (i.e. *Familienverfassung)* in which they agreed on several guidelines as a necessary basis for their teamwork, such as: *"Rules that we have previously prescribed must be observed. Minimum age, experience, success also in the experience one had in the previous positions. And yes, then there are other things such as any subordinations, that we decided on. […] And of course, the topic of communication that we said there, if we do that, then we definitely want to impose communication rules on us and work on topics that we have."* They further analysed and discussed family dynamics, which one sibling considered an important topic that formed the basis for their teamwork: *"So, that's why, in retrospect, I would say that these family dynamics were somehow the strongest. So, the most important as a basis that you have clarified it to some extent. You can't say that you clarify everything, but that you can get the thickest cows from the ice. I say and they always existed. Sibling rivalries, not feeling seen among four children by parents."* Besides their family dynamics, all four siblings discussed their own futures within the family business and started to prepare accordingly before they entered the business. When they entered, all of them followed a trainee programme that was created beforehand, before two of them took over the co-leadership from their father. While the next generation prepared themselves to enter and take over the family business, the senior planned his exit accordingly.

Gadget factory is another case that followed a structured succession process and included consultants and coaches to meet the needs. They divided their succession process into three phases: (1) entering the company; (2) transfer of shares; and (3) transfer of chairman of the supervisory board and the complete handover as co-CEOs. *Handling firm* also followed a succession programme in which both siblings took over different responsibilities early on, further preparing them for co-leadership. In contrast, *house distributor* indicated that they planned their succession process but took over the co-leadership (i.e. the CEO positions) earlier than planned: *"In fact much earlier than planned, because this team of managing directors (..) became counterproductive. […] And then came from the advisory board, yes, if you both agree that it doesn't work like that then do it yourself. And then (laughs) we were, two weeks later it was decided and yes 'by the way, you are doing it from now on.' First of all divide the resources briefly and then it was 'okay, now I want to start (laughs) to deal with the position of the managing director.'"* Thus, in the aforementioned cases, each sibling took over leadership roles at a young age and therefore also took over the responsibility of the family business at an earlier age than siblings who are assistants to the senior for many years.

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In contrast, the majority of cases in this study followed a rather unplanned and unstructured succession process and indicated that their process was rather *"insidious."*[26] Siblings mostly started to work within the family business because the senior was short-staffed: *"She had no one to do it, so she said to me 'you do it.'"* In several cases, the succeeding generation entered the family business in a position with little or no leadership responsibility. After some time, they received a promotion until they entered the managing director board with the other siblings and their father. Thus, without a structure or a plan of succession, it was difficult to gain the skills needed for further responsibility. Whenever the succession process is not planned or structured, successors remain in non-defined positions within the family firm for longer, and only fully take over the family business at a later stage than siblings who plan the succession process.

The role as well as the will of the senior to hand over the family business therefore plays an important role. In the case of *cantonage distributor*, the succession of two siblings was evidently not planned until the third brother approached the family business with the aim of more structure and order. *Bulb producer* also reported a rather intense succession process in which the senior refused to hand over the business until the successor threatened to leave the business: *"It was bumpy. Yes, she waited too long and was not in a good mood."* Some cases even indicated that an official transfer or succession did not take place as the senior remained as managing director until his death, such as in *metal producer: "[…] there was NO official handover."*

Former co-led family businesses indicated that a succession process was not evident, and an official transfer of leadership and ownership did not take place. In a similar vein to *metal producer, korus producer* – a former co-led family firm – indicated that their process was rather unstructured: *"It was an unstructured process, where everyone had to find their own way here in the business."* Thus, the senior remained as managing director until his death and therefore no official transfer occurred: *"No, it didn't exist. The father got sick. He then noticed it himself and that it was getting less and less with him etc. But we didn't let him feel it either. (..) That happened during the handover. Which is actually not possible, because by the end he was seriously ill. He was still managing director." Larch factory*, for example, indicated that although they officially and legally transferred the leadership, the father was still taking major decisions: *"It was easy on paper and we already worked there, basically nothing has changed. My father was still in the company. And of course, that's another topic at a family business, he was just such a person, he built it up and then can't let go. And of course, this is a difficult time because, either I hand it over and out and otherwise it works tediously. If the father is still there and still wanting to have a say."*

26 larch factory.

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Film producer represents a case in which one brother out of three left the business during the succession process due to an absence of structure and plan. Thus, three brothers entered the family business without a strategic plan on who, how and when to take over the family business: *"[…] we were just so naive about the topic."* Pressurized by the other three brothers, the four of them started the succession process in 2009, as one explains: *"Yes, and then we got under pressure, also from my brother, so, we entered a process in 2009 where my brother voted very strongly for our father not only to declare himself, so to speak, it means that the sons come to the company and not only one, but also several, but sometimes on their own account explains how he actually imagines the schedule when the father leaves. In particular, the question of when he intends to leave the company in order to give successors a reasonable planning perspective as to how long they should actually have to deal with this transition situation."*

Thus, their father warmly welcomed his sons into the business but did not think about the consequences or plan how and when to hand over the business: *"[…] that was this creeping thing with us, which I would not approve of today, because it is, this creeping thing brought us many problems afterwards. That was not meant badly, it was somehow that, it was such a welcoming culture, maybe her in our family, so, in relation to the question of which of the children should join the firm."* The positive aspect of the exit of one brother was that the three of them started the succession process with the help of a consultant.

Similarly, an unstructured and unplanned succession process is evident in the case of *injection manufacturer: "With the generation change in the management of the company it was not that easy."* Although their father officially handed over responsibility to the next generation, he continually interfered behind the backs of both siblings: *"He then gives up the management but is still on the advisory board and fiddles around in the background. So, that's very difficult. On the other hand, the task of agreeing with my brother is still relatively easy."* Thus, the succession process was rather unplanned and unstructured, and, in retrospect, both indicated that mistakes were made in terms of succession management: *"No, so I think how it went, there are definitely a lot of mistakes that you can read in the textbook now that they shouldn't be made. […] So, no planning, no external support. As I said, maybe little feedback, but that is also due to my father's generation. You should have given that to someone else, but the decision should have been made by my father."*

In general, unplanned succession processes are associated with the senior's fear of losing control. Thus, conflicts and disputes among siblings and the senior, as well as between siblings, occurred more often when the senior refused to hand over responsibility and allow the successors make their own decisions. Consequently, the earlier the senior transfers leadership of the family business, the

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better the siblings can focus on their responsibilities for the future, and the better for the development of sibling teamwork.

The underlying sample shows that four out of thirteen cases followed an unusual leadership succession process in which the senior played a somewhat passive and non-existent role. Thus, the transition from one generation to the next was not followed as traditionally from the father to his sons but from non-family executives to the succeeding siblings. The unique succession procedure applied was mainly to avoid or minimise any conflictual situations between senior and juniors, and to ensure or maximise the success of the leadership succession. Three current co-led cases – *gadget factory, handling firm* and *house distributor* – reported this unique succession process and indicated that their succession went smoothly without any major disputes with the senior.

Handling firm, for example, indicated that their father left the business when they entered the family business: *"He then wanted to have nothing to do with us in the management."* Due to his own experience with conflicts and disputes with his brother and father during his succession, he decided to leave the business to non-family executives who were responsible for handing over the family business to his two sons: *"Let's say my father had seen how impossible it was for him to run the company together with his father and brother. So, then he had hired my aunt too. The success was that six weeks after the hiring, they stopped communicating, but she worked with us until she was 77, so, that's very strange. From there my father recognized these limits of family and company very early on."* Consequently, the father decided to exit the family business and withdraw by moving to his farm several hundred kilometres away: *"There were a few hundred kilometres between them and that was very good. So, he was there, but he wasn't there. So, he wasn't present every day and that was good yes."* Both brothers evidently appreciated the unselfish behaviour of their father as it gave them enough space to develop and grow into their new roles as co-CEOs, which they took over several years after they entered the family business: *"[…] but the consequence with which he then focused on the farm was great and that was good."* Similar to *handling firm*, the senior of *gadget factory* took on the responsibility of the advisory board and left the responsibility of leadership succession to non-family executives: *"[…] he was chairman of the board. There was already external management, which was positive, so, we never actually had to deal with our father about operational issues. We always had it as advice from the board."* Thus, both brothers indicated that they asked him for advice but were never actively led by him.

In the case of *house distributor*, the senior was still the managing director but left the responsibility to non-family executives, which was highly appreciated by both siblings: *"[…] that's really special because my father has taken so much back on most things and just let me do it."* Both indicated that disputes and conflicts between both brothers and their father were rare due to the fact that they were not

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included in the operational side of the business. Furthermore, one sibling suggested that there may have been a different outcome if, on top of the challenge and stress of taking over the family business, they also had disagreements and conflicts with their father: *"So, there was very little friction at that point. And that certainly helped a lot, yes, because if you then have to struggle with your father internally in the stress that you already have anyway in the business, that would certainly have been very nerve-wracking […] And probably could have reduced the fun of it in principle very much yes."*

To sum up, one can differentiate between planned and unplanned succession processes. Besides the high failure rate of family businesses, the minority clearly planned the succession process. An example in which an unstructured and unplanned succession process eventually led to a split is *nimmo commerce: "Problems that my grandfather also causes by not clarifying things from the outset, so, who actually should take on which leadership role, who should actually be on guard and what should governance be, or there was also a lot of strategic business case where the family then had a conflict."* Thereby it becomes evident that siblings with external work experience and a profound educational background followed a more structured and planned entry than siblings who entered the family business straight after school or university. Some companies, such as *exam provider, house distributor, gadget factory, handling firm* and *film producer* planned the succession process with the help of external consultants, and others did not see the need for external guidance. The consultant-supported cases reported a smooth and less conflict-laden leadership succession process.

Conflicts between generations occurred on a regular basis, especially when sharing the leadership position and working side by side. Different leadership styles, visions and missions led to a tense atmosphere between generations and, in some cases, even led to a parting of ways in which the junior left the business. In general, in a family business that planned the succession process, conflicts between siblings as well as between siblings and seniors occurred less often than in a family business that did not prepare the succession process. *Gadget factory*, for example, stated that due to their succession plan, with their father not being part of the family business, the usual generational conflicts did not take place: *"No, there was no difficulty at all between the three of us."* However, both brothers admitted that there were small disagreements. It is important to mention that their father developed a strict plan on how and when to leave the advisory board, as one sibling explains: *"[…] In total (..) he made it very easy for us by being very exemplary and very, very self-disciplined. He has had what he wants there for years and then just did it. And I know from conversations that he personally also suffered a lot from this replacement process, but he also always said that this is my problem, it should not be your problem."*

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In conflict-laden cases, it was evident that the key factor behind the majority of conflicts was related to the inability to hand over responsibility to the next generation. Seniors who preferred not to engage in the succession process faced difficult times with their juniors as the next generation aimed to take full control and responsibility. Thus, the refusal to hand over full responsibility led to a more forced succession process, as *metal producer* indicated: *"[…] there was NO official handover. There was no such a thing. (laughs) You took away his areas more or less step by step."* Thus, his unwillingness to hand over full responsibility led to many conflicts between the siblings and the father, as one sibling indicated: *"He was just the grey eminence and always interfered naturally (laughs) or didn't agree with some things, but we really held together."* The generational conflict led to a closer relationship and cooperation between both brothers, and therefore can be seen as a resource for their upcoming co-leadership: *"We rather held together and then it went against the father. (laughs) That used to be the case. When he had something with us, I always welded us together, my brother and me."* One brother indicated that the behaviour of the senior led to many conflicts between the siblings and the senior and, at least once a year, he considered leaving the family business as an option: *"You quit every December internally, the pressure was great, your performance was not recognized. There was no praise."* His brother even left the business to find his own business before returning to the business again 15 years later: *"You don't really have a lot of opportunities to develop."* Similarly, one brother of *bulb producer* pointed out that conflict and the absence of a succession plan led him reconsider whether to stay in the business or leave it: *"[…] terrible (..) and in the end I would have gone practically. I was already, I bought a company abroad. For me, that's actually already done. [..] then thankfully she pulled the handbrake at the right moment."*

After the transfer takes place, the conflict-laden situation can continue if the senior refuses to let go and tries to control the business after his retirement. Likewise, one sibling of the former co-led *larch factory* indicated that their senior was willing to step back and considerations of leaving the business occurred: *"Somewhere it is enough and then they say, either you go on yourself or leave us alone, because then you cannot, you rub each other." Korus producer*, for example, also threatened to leave the firm because of the patriarchal and controlling behaviour of his father: *"So, I said very clearly to my father, 'be careful, if you do this and that, I will leave too.'"* The accumulated tensions between the successor and the senior in some cases may have influenced the overall relationship of the entire family in the long term.

In the case of *film producer*, one out of three brothers left the business due to the tense atmosphere between one brother and their father: *"We simply did NOT manage to separate the spheres form each other so well and to keep the strain on the other so low that it would have been bearable."* The overlapping re-

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sponsibilities, the absence of scope for development in the company, as well as the unplanned succession were the main reasons for conflict between one sibling and the father. The unwillingness of the senior to plan succession and the willingness of the sibling to change the family business led to further conflicts that could not be repaired; therefore, one sibling decided to leave the business to save the peace of the family and the business: *"So, my brother was very focused on the question of when my father will leave the company. That was actually the burning question for my brother. […] So, my brother and my father, they disturbed each other's circles incredibly and my father felt very, so to speak, under pressure and my brother, he just provoked that he wasn't really there saw the perspective. So, for him it meant actually taking responsibility, that was only possible in his imagination in an environment in which my father did not occur."* Conflicts between one brother and the father extended to the other brothers, the father and the entire family as in the case of *film* producer: "So, it was very overlaid at that time with conflicts that we had within the family. My brother and father in particular, but that also radiated. So, I was more in solidarity with my brother and that made my relationship with my father a little more difficult." In contrast to the above, the other brother said that he did not have any difficulties with their father due to their physical distance, as he described: *"I had a pretty relaxed one because I was doing my job in [name of a place], which was far enough away and my job opportunities were so extensive that I could perhaps also be more entrepreneurial there than I was for a successor to him Brother, who, because of the close proximity in working with my father, had less or less opportunities to develop and develop."* Observations from other cases show that first-borns or siblings who entered the family business suffer from generational conflicts more often than the siblings who follow on later.

To sum up, the underlying cases showed that generational conflicts were clearly present between the seniors and their successors. The disagreements and conflicts mostly arose from differences in perspective. The younger generation wanted to make changes and the senior generation wanted to keep everything the same. In some cases, conflicts between the senior and the successors almost let to the exit of the successors. When a senior refuse to prepare for their exit, the motivation of the successors lessens. The personalities of both parties, as well as their communication rules, play a significant role during the succession process. Family businesses that demonstrate a well-structured succession plan experience fewer generational conflicts, whereas cases that neglect succession planning experience major generational conflicts. Thus, succession planning, including designing the entry and takeover of the junior, and preparing the exit of the senior, seems to be a relief for both parties as each of them know where they stand and the way forward. Providing clarity for both parties and following the succession plan appears to be a key factor in preventing generational conflicts.

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6.5 Analysis – Co-Leadership Layer

In the underlying sample of 13 family businesses, nine are currently co-led by an average of 2.1 siblings, and four former co-led family firms are now either led by one or none of the siblings. Thus, except for the case of *cantonage distributor*, which is co-led by three siblings, the majority are currently led by two siblings. *Exam provider* is one such case as it is officially co-led by two siblings; however, two other siblings, who are operatively active within the family business and shareholders, are also included in the decision making of important strategical decisions. The current co-led family firms range from the second to the sixth generation. It needs to be mentioned that *film producer* is co-led by the sixth, five cases are managed by the third, and four are co-led by the second generation. On average, the underlying sample successfully co-led the family business for 10.5 years, whereas *house distributor, gadget factory, film producer* and *exam provider* have co-led the family business for approximately five years, and the remaining cases have led the family business for more than ten years. In general, each case shows a division of responsibilities between the siblings. Some of them promote a strict segregation and others prefer a more overlapping structure of their main responsibilities and tasks. Thus, in four cases, a clear separation of responsibilities is evident from their job titles which are, in three cases, CEO and CTO, and in one case, CEO and CSO. In two cases the siblings' positions are called managing directors and in three cases they are called co-CEOs. The aforementioned cases divide their responsibilities according to the regions in which they operate, their different sectors or they simply split the responsibilities between each other.

With regard to the gender aspect in this sample, out of 19 co-leading siblings, only two are female. Two cases – *cantonage distributor* and *exam provider* – show a mixed gender sibling construct. From the aforementioned, it is clear that the social expectation of sons being the sole successors has yet not entirely vanished such as in the case of *film producer: "It was very important for my father that the boys go into the firm, the girls were not really considered."*

In general, their teamwork is clearly based on *"TOTALE LOYALITÄT UNTER FAMILIENMITGLIEDERN."*[27] Siblings are generally honourable individuals who show strong loyalty and trust towards each other. Strong bonds and intense loyalty between the brothers were already seen in their childhood and early adulthood. In addition, one brother of *film producer* describes the co-leadership with his brother as pure pleasure as the fact that his partner is his brother lessens any emotional stress:

27 korus producer.

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"[…] since I know that it is a pleasure to run a company with my brother. Incidentally, something that relieves me emotionally uncanny, […] it would be a much greater burden if the other was not there, so, if it gets really difficult, (…) there is somehow blood thicker than water and then there is, so to speak, with no one, even with the longest-standing closest executives, to whom you also have a high level of trust, etc., but you are absolutely not sure with anybody and you cannot be absolutely sure of anybody if he really, if he is so loyal and is as loyal as you know from your brother. And because of that, knowing THAT somehow makes you a bit more relaxed when dealing with more difficult constellations, because you always know, come on, together we will make it and we somehow managed to do that at the time."

6.5.1 Motivation for a Co-Leadership Construct

Regarding the motivation for a co-leadership construct of two or more siblings, it is apparent that differences exist. Whereas the minority of sibling teams knew from early on that they wanted to co-lead the family business, the majority said that the desire and motivation developed over the years. In contrast, some never actively decided on a co-leadership construct with their siblings and noted that it developed over the years without them making an active decision to do so.

In the following cases, all siblings took an active decision towards a co-leadership construct by either asking the already active sibling to join the family business or the active sibling inviting the non-active sibling to join the family business. In the case of *metal producer*, a possible co-leadership construct was not openly discussed for a long time; however, one brother indicated that: *"It was never my wish to take over the company by myself. It was always a family business."* It was when one brother asked the other brother to enter the business that they consciously decided on a co-leadership construct: *"First, I talked to my brother and he said he would be very happy if I came back and then my father, too, always wanted me to come back."* Thus, one brother was clearly relieved that he could share the responsibility of the family business with his brother: *"He was grateful that he didn't have to run this big shop alone,"* as he was aware of the resources his brother would bring to the family business, as well as his brother complementing his capabilities:

"Alone you are uncertain and limited in making certain things. As a team (…) you can achieve a lot more and I can rely 100 % on him [the brother] and he can rely on me […] You need a PARTNER (…) if you do anything today want to tear. Everything is difficult alone."

A similar procedure can be viewed in the case of *bulb producer*, where the older brother asked the younger brother to join the business to complement his own skills: *"Because educationally he did exactly what we needed."* Similar to *bulb*

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producer, two siblings of *injection manufacturer* approached their youngest brother and asked him to join the family business: "*Then there was a conversation with my brother, which was almost parallel to where he came to me and said the I should think about joining the company.*" Thus, all three brothers consciously decided on a co-leadership construct.

In the case of *cantonage distributor*, the first two siblings never actively decided to co-lead the family business until the third and youngest brother entered the family business to join them on the management board. The younger brother consulted both siblings before he entered the family business: "*[…] then, after talking to my father, I asked my siblings whether they even agreed. Both said yes.*" Thus, an active decision by all three was made: "*Well, that paved the way for us to do it together because otherwise I would never have come.*"

In the case of *handling firm*, a conscious decision was first taken to keep the family businesses together, which included co-leading the family business. In contrast, the case of *exam provider* shows a well-developed process in which all siblings consciously decided on co-leadership: "*[…] and then we decided together that we wanted to do it together in groups of four, also in equal shares and with the tasks for which we then just prove ourselves.*" It needs to be pointed out that when the sibling entered the process to prepare himself to become an active shareholder and, during the process, all four siblings were motivated to become operationally active as a team. One sibling indicated that she never felt like she needed to lead the business by herself: "*So, I never had the idea that I have to do it alone.*" In the case of *gadget factory*, one brother developed an interest in joining the family business only later in life: "*[…] my brother said at some point, yes he would like it, which of course made me very happy because I had a good relationship with him.*" It was when they developed a succession plan, along with their advisors, their father and the advisory board, that they consciously decided to co-lead the family business: "*And then in a long process, together with our father, the supervisory board and an external consultant, we considered whether this could be interesting and came to the conclusions that we want it.*" In the case of *house distributor*, one brother always knew that he wanted to take over the firm, and the second brother decided later on that he wanted to follow his brother. One brother indicated that it was only to be expected that his brother would eventually join the family business:

> "[…] it was clear that he would come to the company. So, now, on the contrary, I never had anything against it. I was happy. (.) That we could then work together."

Thus, it seems that H1 knew that they would eventually co-lead the family business, and H2 consciously opted for co-leadership when he entered the family business two years after his older brother.

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In contrast to the above cases, several siblings of family businesses never consciously took the decision to co-lead the family business with their siblings. Parents, especially the father, played an important role. In the case of *film producer*, all the brothers were prepared to take over the family business as a sibling team early on, as their father openly welcomed his sons: *"[…] that was this creeping thing with us, which I would not approve of today, because it is, this creeping thing brought us many problems afterwards. It wasn't meant badly, it was somehow that, it was such a welcoming culture, maybe here in our family, so in relation to the question of which of the children should join the company."* The younger brother, for example, could not imagine leading the family business by himself: *"I would also not want to imagine a situation in which I manage alone as an entrepreneur. I wouldn't say either, even if my brother wasn't there, I'll do it alone. It's not something I would ever want. […] I think my brother would say I do it alone. He had already done that alone before. I'm not worried about that."* The youngest brother therefore decided on co-leadership when he entered the family business, whereas his older brothers did not consciously decide on a sibling construct.

In a similar vein, *korus producer* also indicated that the first three brothers had no conscious motivation for a co-leadership of four brothers; it was rather that, from an early age, their father had prepared them for their future responsibility of co-leading the family business as a brother construct. Consequently, the first three brothers never consciously chose to work as a team of siblings: *"It was certainly always my father's dream to say that it would be great if everyone was in the firm."*

One brother, for example, indicated that he did not have any motivation to enter the business and co-lead it with his brothers: *"Get in and do it. It wasn't a motivation in the way of having a vision or something."* The youngest sibling therefore consciously took the decision to co-lead the family business as his three brothers were already there. Similar to *korus producer*, the first two siblings of *cantonage distributor* also did not show any desire to co-lead the family business with their siblings; it only got going when the youngest brother consciously decided to enter the family business to co-lead the business with his siblings. *larch factory* is another case where it is not clear what motivated both siblings to start their co-leadership construct: *"[…] yes, then it just happened (laughs), it wasn't planned."* It seems their parents made the decision for them: *"So, the parents intended that we enter the company immediately."*

To sum up, one can differentiate between active and inactive decisions towards the co-leadership construct of two or more siblings. Most current co-led cases consciously decided on co-leadership with their siblings, which can be seen as a necessary foundation for a team to function well. Having said that, the majority of family businesses that were formerly co-led by siblings indicated that the

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siblings did not consciously decide on whether they wanted to work with their siblings.

6.5.2 Position and Areas of Responsibility

The position and areas of responsibility that the succeeding siblings took over was dependent on their interests as well as the studies they pursued. In some cases, the areas of responsibility developed during the succession process and in other cases, siblings discussed it before they entered the business. Today, three sibling teams co-lead the family business as co-CEOs, four as CTOs/CSOs and CEOs, and the remaining two sibling teams co-manage the family business as managing directors. The most noticeable task sharing is seen where siblings lead the family business as CTOs/CSOs and CEOs. Besides their official job titles, each sibling team divided the areas of responsibilities according to their passions, interests and educational background.

In *metal producer*, for example, the tendency to co-lead of both siblings – one sibling is more technically savvy than the other – was already present during their childhood and therefore both siblings designed their educational paths accordingly:

> "[…] my brother is the businessman with technical knowledge, and I am the technician with commercial knowledge."

Thus, a clear distinction between the technical and the commercial part in the family business became evident when the second brother re-entered the family business: *"The SEPARATION that I do the commercial part and my brother the technical part, that was clear at the time when my brother got back in […]. We have delimited everything well and do not get into each others confines – that also works very well."* Similarly, the areas of responsibility and roles in the family business stemmed from the siblings' field of studies and interests, and did not change too much over the years. Similarities can be seen in *bulb producer*, where the oldest brother is the CEO of the family business and is responsible for Finance, HR, Sales, Legal issues and Manufacturing, and he is also the public speaker and represents the family business. The younger brother occupies the position of the CTO and is responsible for IT, QM, business developments and purchases. Although it seems that their areas of responsibility are strictly separated, one sibling indicated that: *"[…] we didn't delimit it strictly. It depends on where someone has the strengths. That was how it developed."* Thus, their positions and areas of responsibility stemmed from their interests, passions and areas of studies. In the case of *film producer* – two brothers who co-lead the family business as CTO and CEO – the division of their areas of responsibilities arose

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from their competencies and academic studies. While the CTO studied the technical aspects of the business, the CEO studied business and therefore took over the commercial part of the business:

> "[…] moreover, my brother is certainly a little more an internal minister, and I am a little more a foreign minister."

Thus, different interests and competencies led to the allocation of responsibilities: *"I honestly say I am not as good a speaker as my brother. He can do that better. That is not my strong point. That's why it's nothing after I particularly crave. He does that really well and I am also very happy that he takes over these things. I am also so glad that there are some topics that I can somehow rely on."*

Cases such as *cantonage distributor* and *exam provider* are co-led as managing directors with a clear separation of responsibilities. *Exam provider* divided the areas into regions in which they operate, and *cantonage distributor* into departments. In the case of *exam provider*, the roles and positions stemmed from their interests and especially from their family background and willingness to lead the business, as one sibling3 indicated: *"But I would also say that it had to do with the respective (…) family situations. […] E1 and E2 continued to have children, with E4 the woman stayed at home and looked after the children. That means that he was able to look further professionally at what responsibility he would like to take on and in which area his strengths lie. Yes, and I was able to focus on the company all the time and see what (laughs) is of interest to me and what skills I might need to be able to perform other tasks."* In the case of *cantonage distributor*, for example, their areas of responsibility did not stem from their educational paths but more from their interests and passions: *"Everyone was looking for their role here in the firm. So, they weren't distributed."*

In the case of *house distributor*, both siblings occupy the position of CEOs and divide their responsibilities into business units – one brother for stationary and the other brother for e-commerce. Both studied business and therefore a split was created by taking into account their passions and interests. Both indicated that their areas of responsibilities are strictly separated and almost no interference exists: *"[…] there are actually not so many ways to play this out because there is always a clear technical supervisor. […] Well, I wouldn't lean out of the window or make any commitments in his area, and he usually doesn't do that in my area either. And that's why it works quite well."* The brothers of *handling firm*, for example, co-lead the family business as co-CEOs. A unique structure is present in which both brothers lead their own businesses, which are included in one holding. Both companies follow completely different business models and therefore one sibling indicated that both chose the right seat: *"I am probably in the right chair with what I am doing at the moment and my brother is certainly where he is now in the right chair."* Thus, a unique co-leadership construct is

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present in which each sibling leads their own business as a CEO and together they co-lead the holding. Both said that as all siblings want to be the boss, they therefore enjoy leading their own company: *"Because we four want to be the sole boss and each of us four knows better how to do it."*

One sibling of *handling firm* indicated that co-leading one business would not have worked out: *"Because then we would have had to work so close that we would have killed each other."* Another unique co-leadership constellation in which two brothers occupy the CEO position is in the case of *gadget factory*. Thus, as co-CEOs, both brothers indicated that they do not separate tasks and responsibilities:

> "Very important, we made a conscious decision not to separate departments, nor to divide tasks. We always do it a bit ad hoc, because as CEO and above all as CEO and owner, I think that's very important, if in doubt you have to take responsibility for everything. […] So, we have to discuss things and that's why we made it clear to the team and to the outside world that we are both CEOs."

Tasks and projects are managed according to their capacity, hence both brothers are involved in major projects within the company but there are specific topics that they divide: *"And yet there are topics that I leave to him completely because I'm just glad that I don't have to do it woo. […] but we could also exchange it."* Although they do not have separate areas of responsibilities, each brother has his area of expertise, as one brother of *gadget factory* explains: *"I'm more of a person who tends to go in the direction of marketing and sales. My brother, or I, (..) I tend to hold back when it comes to the purchase of machines or any production facilities and things like that, I know he has more expertise."* The areas of expertise were created from their studies as well as their responsibilities in external companies before they entered the family business. G1 considers himself creative and his brother G2 as more technical; however, both indicate that they tend to switch areas now and then which gives them the freedom and the ability to be more flexible: *"It is true that we could not relieve each other if we had a clear division of responsibilities. So, if one is missing then the department is just filled with zero. And so we can really relieve each other."*

Besides the unique case of *gadget factory*, each case showed the importance of strictly separated fields of responsibility: *"It is important that the structures are created cleanly."* Thus, in *metal producer*, both considered the clear separation of responsibilities very important: *"So, if my brother did the building work with me now, we would kill each other."* Although a separation is important, the majority admitted that sometimes their areas overlapped: *"[…] So, we already have defined areas of responsibility, which of course also always affect each other."*

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6.5.3 Communication, Cooperation and Decision-making Procedure

Designing a team of co-leading siblings comes with many challenges. The emotional factor of sharing the same genetics, values and norms can be viewed as a resource or an encumbrance for siblings. Thus, starting as a team of siblings in the family business is viewed as extremely challenging as routines, communication structures, cooperation structures and decision-making procedures need to be formed and developed.

The siblings of *metal producer*, for example, showed a somewhat difficult start as a team: "*At the beginning, you thought that it would knock you out, the relationship between siblings is borderline in some points if you would have listed to the expression in certain conversations.*" Consequently, communication rules were established between both brothers, which led to the development and improvement of their cooperation and communication skills, as one brother indicated:

> "In the beginning it didn't work. But in the meantime, or after the conversation with the father, acceptance suddenly came. The response was good and the relationship, which is rare among brothers, is unique for me. I personally cannot imagine anything better."

Communication, cooperation and joint decision making among siblings are three critical tools that are jointly responsible for the success of the team. The co-leading team of *exam provider*, for example, showed a similar scenario in which they first had to learn and practise how to cooperate, communicate and make decisions; even today, a lack of communication carries negative implications for the company. E2 pointed out that the succession process, and especially when their father handed over the responsibility allowed them to develop their own communication, cooperation and decision-making skills:

> "[…], that [succession process] brought us brothers and sisters closer together to agree on things, because we know that if we don't take each other with a smile (chuckles), that is, communicatively on topics, on decisions, there are many things that affect us again and we have now learned it so far that we can also communicate tiring things with appreciation. It is important to us that things are addressed, that we are not somehow told that something is not being spared, that harms a company, and our goal is that the company remains sustainably successful."

In the underlying multiple-case study, the majority of cases promote a scheduled communication structure. Thus, there is an awareness that the constant interchange of information is key for trouble-free teamwork and joint decision making, and therefore fixed meetings with the co-leading and co-owning team of siblings is necessary. In the context of the decision-making process, siblings share a long history of joint decision making that goes back to their early childhood when they had to decide whether to play with the toy blocks or read a

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book together. Consequently, a sibling team displays different approaches to making and taking decisions. In most cases, each sibling governs their own department where they make decisions without consulting the other sibling. Depending on their co-leadership construct, therefore, the separation of areas of responsibility, and close or distant form of communication is seen.

Sibling teams that have a strict separation of their fields, such as *handling firm*, tend to have more relaxed communication and a rather independent decision-making process. On the other hand, cases such as *gadget factory*, that does not promote separation in areas of responsibility, are in constant communication and prefer to discuss and take joint decisions. In general, when a decision is of a strategic nature or exceeds a specific amount of investment, it is reviewed along with the other co-leading or co-owning siblings. Whether joint decisions are made unanimously or by the majority clearly depends on the number of siblings involved in the decisions. It is evident, however, that unanimous joint decision making is generally preferred by siblings.

The siblings of *metal producer*, for example, follow a predefined scheduled communication structure. During their 10–30 minutes morning meeting major decisions such as investments, HR and expansion topics are discussed. In addition to their daily meeting, looser communication via e-mail and phone is followed. In the case of *exam provider*, different communication levels and rules can be observed: *"[…] so we have very different communication levels on which we exchange ideas."* Thus, they developed different communication rules for each layer (i. e. company, family, ownership) and level of interaction. The two co-leading siblings are aware of the consequences of a lack of communication, and both indicated that they are constantly exchanging information: *"So we talk to each other every day. Usually several times (laughs), today we have definitely made three calls (laughs) and see each other, that is different. […] if we are both at the same location, we try to see each other once a day. Otherwise, we also meet in the evening and speak again. We often meet on weekends, then try to do something with his children, but also talk about the company (laughs). We see each other a lot."* Besides the rather unscheduled and loose communication, E3 and E4 hold a weekly jour-fixe in which they exchange ideas and take decisions. Both stressed the importance of these meetings and pointed out that problems occur whenever meetings are skipped as one sibling of *exam provider* indicated: *"Sometimes it is very exhausting because we do not find the time and if we then do not find the time to exchange enough information, we notice that we are not on one stand enough in the topics and then sometimes it becomes exhausting, but what that means again, we have to talk more again."*

Exam provider, for example, a case that is co-led by two siblings, but all four siblings are involved in the decision-making process, followed a 75 % rule in which three siblings can overrule one. Thereby they indicate that each of them

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places their trust in one another's work and so the 75 % rule never had to be applied: *"[…] So at least I can't remember that there was a situation where someone was overruled. […] and I think this 75 percent rule that we can make a decision with 75 percent is important in case of an emergency."* In situations where all four are not convinced about a decision, they postpone the decision until the remaining party is also committed to the decision, as E1 evaluates in the joint interview: *"But in the end we met her and then you can say, maybe with a 95 percent commitment. Well, because we have had the will to agree, but of course I will notice if you have any more doubts, but then you trust the others and we will vote for them."* On the ownership level, all four siblings meet for the daily 10-minute *jour-fixe*, and every two weeks for a three-hour meeting to discuss current topics and take necessary decisions. Every four weeks, all four siblings meet with their father to update him on anything unusual; once a year all four siblings and their parents host a family day; and two times a year the entire family meets for a weekend. Thus, this case follows a structured and scheduled communication strategy throughout all levels of interaction.

Gadget factory is another case that promotes structured communication: *"[…] this also has to do with the fact that we have a very, very narrow coordination cycle. I think that's very important."* Due to their separate locations, they communicate several times a day via phone and have a weekly *jour-fixe* call scheduled. Besides the typical *jour-fixe* meetings, they meet once a month for one day in a city to exchange thoughts, feelings and statuses in their private and business lives, as G2 indicates: *"And the third thing is, we take care of that by withdrawing a full day once a month. We talk through content-related things that we are really up to date on all things, we go over personal issues, how is it in the family right now and all other topics moves you. And there we go jogging together. We simply do things that bring us closer as individuals and that really nurtures this basic trust."* The underlying co-CEO construct suggests a high effort of exchange and communication. Decisions on bigger investments are made by the two of them, and for smaller decisions, ongoing communication takes place, in which: *"[…] then of course there is always someone who defends it and someone who is more the advocatus diaboli." After several discussions, decisions are made jointly: "[…] that's not, I was wrong, its more we were wrong."*

In the case of *cantonage distributor*, their communication structure changed over the years of co-leading the family business. Because their offices are next to each other, a bi-weekly fixed management board meeting is attended by all three siblings. Three times a year they hold fixed meetings with the advisory board, and once a year all three siblings host a strategic meeting. One brother expresses the conviction that this combination and their accord in decision making contributes significantly to the success of the business:

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> "[…] So our our brother is the cautious one and I'm more the one who is a bit more risk-taker. So, but this combination is also good. […] if the other brother says, for example, yes, I don't think that's a good thing or something, then you have to prepare everything a bit more precisely in order to actually push through the decision […] this combination is actually what you want."

Cantonage distributor also follows a majority voting rule in which two can vote against one. C3 stated that their majority voting rule is thus a firm foundation for their successful teamwork: *"[…] the cooperation, I say, only works with the three of us because we make 2:1 decision (..) and also with important decisions. (..) if it weren't for it, the kettle would have exploded here."*

In the case of *injection manufacturer*, another structured communication structure is seen in which the co-leading brothers meet once a week and the co-owning siblings meet every four weeks in one of their private homes to discuss upcoming topics: *"[…] we have dinner every four weeks in private houses, where we go through topics, where we discuss other things at the social level. We started set this up very early."* When all three siblings were co-leading the family business, a majority voting rule was present, as one of them indicated: *"I don't know what our rules of procedure were before, but definitely two against one, then you could make a decision […] In any case, there was no primus inter pares, there was a vote."*

Although it is well known that effective communication is one of the most important tools for co-leadership, four out of nine cases follow a rather loose, unscheduled communication structure. An unscheduled communication structure can be seen as a different method of communicating and includes a rather loose form of communicating without fixed scheduled meetings.

In the case of *house distributor*, they discuss specific topics ad hoc. Due to the convenience of sharing an office, urged business topics are discussed immediately: *"[…] since we are sitting in an office, you always have discussions in between. Since you are not doing extra meetings like 'now we need a coordination appointment with an agenda, these are the 112 points that have accumulated over the past 2 weeks. We have to negotiate or approve them now.' Here a lot can be decided in between."* It can be seen that their decision-making process is not structured, and many decisions are made in passing. Both siblings indicated that their decision-making process runs smoothly and works very well, as H2 narrates in the following: *"And that works amazingly well, because we certainly have different opinions there, but it doesn't mean that we are going to do it the way I want it now, but actually it always means, yes, I think again about whether this is really correct and then at some point in the next two or three rounds and then you can still get it off the table."* Decisions of a bigger nature of more than €100.000 need to be discussed within the advisory board, as one sibling indicated: *"[…] in addition, there is a lot of capping, that is, for example, we are not allowed to take*

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out any loans, nor are we allowed to buy any companies, because this in turn is subject to the advisory board."

In the case of *bulb producer*, a transition from a scheduled communication structure to more loose communication occurred during their co-leading career. Thus, whenever a topic or an issue needs to be discussed or a decision needs to be made, they walk into each other's offices to resolve the issue. They avoid ongoing topics or issues and rather aim for an immediate problem-solving approach. Most information or smaller decisions are made in passing between both siblings and, whenever they need to make a bigger decision, they schedule a meeting two days in advance, as one sibling explains: *"It is really like that when we have topics or topics are I say come to my office we have 3–4 points then we talk them through. Or our non-family manager says we should sit together again. So we didn't even formalize the board meetings", "As I said, we have these decision-making frameworks, for what we use the others to decide, we have not formalized them. Everyone really judges that for himself."* Decisions of a strategic nature, such as entering new markets or a new customer segment, investments above a certain amount of money and the involvement of consultants, are topics that are discussed within the executive team.

It is thus important that all three parties agree on the decision and are in accord: *"And whatever we look at, that we really make unanimous decisions, we have a unanimous culture. […] So we do it unanimously or not at all."* Tolerance and mutual trust are thus the most essential characteristics that all three parties and especially both brothers have towards each other. Whenever one sibling does not agree with the other, they give in as usually one of them is the driver of the idea and an expert on the subject.

Similarly, *film producer* follows a much looser communication structure: *"By calling each other and sitting down and eating some cookies and discussing a few topics. And sometimes, if there are somehow more complicated construction sites, we of course also deal in detail with certain topics and certain matters."* The separation of responsibilities allows each sibling to make decisions in their own departments: *"[…] so somehow a machine investment my brother could decide without me."* They also admit that both siblings interfere and challenge decisions the other sibling took, as *one sibling* explains: *"Of course, he often asks things, 'can it be right that this is so and so?', But that is more of a demand, I do not perceive this as criticism or somehow as RESEARCH in my work. (…) Like I also ask things, of course 'is that right?' So everyone has their area of competence, but it's not that the other person stays completely out of the other persons area and says nothing, criticizes nothing. We're not that picky."* Decisions concerning each of their departments are mostly in sync with the other brother. Strategic decisions, such bigger investments in new subsidiaries or machineries, are made jointly: *"So wherever it really has strategic relevance."* They further indicated that they try to

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make decisions quickly. It is apparent that harmony is present in the case of *film producer.*

In the case of *handling firm*, because they lead their businesses very independently, joint decisions are rare and therefore no scheduled meeting structure is evident: *"We don't make decisions together."* Thus, due to their strict separation, each of them makes their own decisions accordingly: *"If my brother wants to do something here in his area, he goes for it. Then he asks me for my advice and then I say 'yes, that's okay.' And if I want to do something in my area, he says 'do it.'"* As both of them clearly respect each other's business, decisions that need to be taken together are made without any complications: *"There are decisions here and there that we meet, but we are always characterized by the fact that we respect each other's speres of influence very cleanly and then it works well."* Whenever an investment exceeds a specific amount that is set by both of them, they need to involve the other sibling: *"And we organized it today so that from a certain volume the other must be asked."*

Although, decisions of a bigger nature are discussed with the other sibling, they clearly do not interfere with the other sibling's area: *"As a rule the one who leads suggests and then in the end nothing was actually rejected, because then he also has to hold out his head if it goes wrong. That is how it usually goes. Then the other person can say his opinion again, maybe that will be discussed again, but usually the other person will also accept it."* At ownership level, joint decisions are made during family vacations twice a year with all co-owning siblings and their father: *"[…] after dinner, the four brothers and the father retire to his study, […] there are situations where decisions are made, yes, but that is not something that is somehow formally negotiated or anchored somewhere."* Unanimous decisions are aimed for, but a majority voting rule is present.

The former co-led family business *korus producer* also indicated that due to their constant communication, a fast-decision-making process was achieved. Their mutual trust, absence of envy and having the same overall goal led to smooth and instant decision making in which they recommended a unanimous vote: *"[…] we can make quick decisions, so we can discuss all topics with each other over coffee in the afternoon, there is the same orientation, which is very important in the topics, was the most important point for us, especially in the early years, that we had what where differently makes life difficult – have never known envy. Because we said from the outset, no matter what someone does for the company, he earns the same money, […] everyone always knew, basically the common source of income is where everyone is equally equal is fed out and this has resulted in us being able to implement the topics relatively well. That always goes up to a certain size."* Thus, it was important that all siblings were involved in the decision-making process, and that decisions were made jointly and unanimously.

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Although they aimed for a consensual decision, *korus producer*, for example, indicated that a joint vote with the four of them was not possible when the situation required quick decisions: *"[…] so not everything could be 100 % co-ordinated or just had to be made ad hoc."*

Several siblings indicated that sometimes decisions are made without including the other sibling due to time constraints. In the case of *metal producer*, for example, both siblings indicated that decisions are made without them fully supporting or approving the decision:

> "Sometimes decisions are made that the other one does not necessarily support. […] But overall, it works."

Thus, one sibling called for a high level of tolerance when co-leading a family business: *"[…] you have to be tolerant, but you also have to withdraw, you know, if you don't agree with a decision yourself, or if you don't agree 100 %, you can say that, but if the brother wants to enforce that then you just have to take back. You can say 'you think that's not okay' but if he does, of course, you have to accept that." Bulb producer* also indicated that each of them needs to be very tolerant and to go along with the agreed-upon decision: *"There are certainly enough things where you have already swallowed that you would have done differently or that you would still carry on. And vice versa too. […] there is not an insane conversation culture with us, that is, it is not that they always say 'you would have thought that we might have done it a little differently', but then it is so with this basic trust that the other has decided and done definitely means well and probably has the better background why you make the decision and then it is simply supported. So it's not like we say we have a thing where you talk about things like that and why is that and I would have done it a little differently."*

Similarly, *metal producer* indicated that sometimes their areas of responsibility overlap and therefore both brothers interfere in the other brother's area if they do not agree with the decision made by the other brother: *"There are always overlapping points, he interferes with me, I intervene with him and you should (…) only do this if you don't agree with certain decisions."* For example, the former co-led *larch factory* failed due to the fact that one sibling interfered in the area of responsibility of the other sibling.

Differences in personalities have a major impact on the decision-making process as a diverse opinion on a topic are present. In the case of *cantonage distributor* one sibling is considered the driver, aiming to push forward his ideas, and the two other siblings are more in the background and struggling with change: *"But I wouldn't necessarily say that about C1 and myself. So I have also become such a person, also in recent years, that is: 'well, if you want it like that, then we will do it that way.'"* Another example of the influence of their personalities on the decision-making process is in the case *house distributor*. One

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brother is the dominant and extroverted brother, and he seems to carry out his ideas more often than his brother, who is more introverted. Consequently, in the case of *house distributor*, one brother often indulges most of the other brothers' ideas, as he indicated in the joint interview:

> "I usually give in and then it's okay."

To sum up, communication, cooperation and joint decision making are the most challenging tasks to overcome and form the basis of a team that functions well. The underlying cases follow different approaches. Where the majority of siblings follow a structured and scheduled communication strategy, some indicated that they do not need scheduled meetings and rather communicate in passing or in spur-of-the-moment meetings. Reasons for this might be their strictly separated areas of responsibilities, their aim for more flexibility and the fact that they share an office and are in constant communication. In regard to their decision-making procedure, the majority take decisions within their area of responsibility without involving their sibling in the decision-making process. When a decision exceeds a specific amount of money and has a strategic nature, the other co-leading and co-owning siblings will be included in the decision-making process. The majority therefore follow a unanimous decision-making approach. Ultimately, it seems that *"someone has always been in the driver seat on a particular subject,"* as in the case of *film producer* and therefore in the majority of cases, the one sibling takes the lead in the decision-making process.

6.5.4 Differences in Leadership Styles

The majority of siblings follow different leadership styles, as several cases indicated: *"Very different from my brother,"*[28] *"Obviously there are big differences,"*[29] and *"Very different! Extremely different!"*[30] It was evident that although they have different leadership styles, their overall goals are identical: *"Different leadership styles. It's different, but the goals are common."*[31]

In the case of *film producer* and *gadget factory*, little to no difference in their leadership style is seen and therefore they consider their styles as almost identical: *"[…] I don't know if the difference is really that big."*[32] Both describe themselves as collaborative and team oriented, following a participative leadership style. In case *film producer*, however, indicated that there may be one small

28 house distributor.
29 handling firm.
30 bulb producer.
31 metal producer.
32 film producer.

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difference: *"Yes, there are nuances, somehow differences."* Because of their different areas of responsibilities, both carry out their leadership differently. Whereas one sibling aims to be informed on little developments within his department, which he achieves via a daily meeting with his department managers, the other brother hands over responsibility to his department managers and meets them on a regular basis for updates. An employee who has been working for the company for 20 years described the leadership styles as follows: *"In any case, my sibling is more collegial, yes. (..) (sighs) Maybe more binding, maybe a little more sociable."*

In the case of *gadget factory*, in contrast, an identical leadership style is seen, as both consider themselves team oriented and collaborative: *"[…] we are both very team-oriented and collaborative, we communicate a lot."* Although overall both brothers are similar in their leadership styles, small differences in their implementation exist: *"I am someone who always listens to everyone and then decides, my brother likes to be someone who says from the start, okay, that's where I want to end up, now please join me in doing so."* One sibling even criticizes their own leadership styles, as he explains in the following: *"[…] in principle we are both very communicative and collaborative. Maybe even too democratic sometimes. Sometimes we have to hit the table a little bit more."*

In the case of *metal producer*, their differences in leadership style can be traced back to their personalities. The extroverted sibling seems to follow a rather authoritarian leadership style, and his brother prefers a participative and democratic style: *"[…] my brother is more direct. He hits the table and says 'lets talk straight!' and I enjoy it sometimes and think, I think that's quite good now, because it has to be spoken properly. […] And I do it a little bit indirectly and try to solve it, let's say collectively, with rather, yes, without much criticism, but rather analytically, what do we have to do to prevent this from happening again."* Furthermore, one brothers style of leadership is number- and data-based, and the other tends to follow his gut instincts when making decisions: *"My brother is sometimes too nice for this world. […] But he is the diplomat, I am the restless and impatient. The balance is what matters to both of us and the diplomat is asked in one situation or another and is ultimately necessary."*

In the case of *bulb producer*, the extroverted and dominant sibling follows a somewhat authoritarian leadership style, and the introverted and hesitant sibling follows a more participative and democratic leadership style. In contrast to B1, therefore, B2 as the CEO of the family business is impatient and decision oriented:

> "Extremely different! The B2 is totally dominant, so you have to have good arguments to convince him of what else he means. And that's not the B1 at all. B1 is more like someone who says nothing at first, is self-indulgent and doesn't knock on the table, so the B2

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> doesn't knock on the table either, but figuratively speaking, yes, (..) completely different types of leadership style. (…) They both have long lines (..) Rather simply dominant and the joy of decision – there are differences. The B2 is totally willing to make decisions, it simply makes decisions. With B1 this is rather (..) not. So the decision is not so quick, he has to think and think first and well the B2 that just says so we do it and then we do it that way."

Similar to *bulb producer* and *metal producer*, in the case of *cantonage distributor* the most extroverted and dominant sibling follows a rather authoritarian leadership style. Whereas C2 and C1 follow a more collaborative and democratic leadership style, asking for input and suggestions from their employees, C3 follows an authoritarian style where he is described as determined, being unwilling to compromise, forcing his opinions and refusing to listen to other opinions, as one sibling described in the following: *"[…] he says what has to be done and then you have to do it. And you can't say; I want it differently, with him. That will not do. The only one who can say it again is me or dad or C1. But an employee would not dare to do that either, at C3. C1 and I are different, we usually don't have our opinion, but we try to discuss it in the group and then an opinion comes out at some point."* From the above, it can be seen that C3 is the driver of the co-leadership team, striving for expansion and growth. C2 is described as unassuming, the do-gooder, and, as he described himself, a person who often gives in. C2 is caring by nature, whereas C3 does not mind being the bad guy in the company, pushing ahead with his authoritarian leadership style.

A special co-leadership construct can be viewed in the case of *handling firm*, in which both brothers are somewhat extroverted but clearly follow two different leadership styles. D1's leadership style is rather top-down and authoritarian, and D2 follows a more democratic and participative leadership style: *"If my brother has whistled in one direction, it is like a tank with no steering, yes. (smiles) He goes through that, yes, and then he looks a little to the left and to the right, but then he walks exactly in his direction. […] I'm more for this agile model, as I say, roughly the direction, but then (whistles) we orientate ourselves on short-term sprints, after each sprint we always look, where we started and where we ended up and then we determine the next sprint."* In addition, differences can be seen in their execution of tasks and responsibilities: whereas D2 favours digitalisation and possesses every tool needed to lead his business, D1 does not own a laptop and uses his phone mainly to take pictures: *"We come to a pretty similar result, but the method on the way is very different."* Different business cultures are evident, resulting in the different leadership styles that each of them follows. D2 follows a more open management culture compared to his brother, and welcomes discussions and constructive criticism; thus, a more participative and democratic leadership style is seen in D2's company, as he describes: *"[…] here at my firm there is a bit more discussion in the group. At D1 there is little less discussion."*

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In the case of *exam provider*, a specific and coordinated leadership style is followed, as E3 indicated: *"We said in the company that we want to live a participatory management style, but that is not always possible in all areas, because employees want and need different management styles."* All four siblings stated that, besides the specific leadership style of the family business, each of them follows their own style arising from their personalities: *"[…] because of the personality everyone has a different leadership style."* Whereas E3 and E4 follow a participative and democratic leadership style, E2 indicated that she adapts her leadership style according to the situation, as well as to the employee to whom she is talking: *"I would say that I have a wide variety of leadership styles that I continuously learn."* Thus, a more hierarchical leadership style is applied during crisis situations and in different departments when it is needed: *"So there are definitely executives and also employees who can discuss topics with one another in this participatory management style and see that the discussion with one another leads to a common, better solution. But there are also people who say I need hierarchical leadership. When we have crisis situations in the company and there are emergencies, I am focused, because I don't let myself be talked into it very much anymore, but decisions have to be made and I'm very hierarchical. […]. I would also say that there is a cooperative leadership style in many areas. So right now with partners, that's definitely cooperative."* E4 indicated that his sister is more demanding and mainly follows an authoritarian leadership style, while he aims for a participative and democratic leadership style: *"So I'm more a bit more participative than E3 and E3 is clearly more demanding. So maybe she likes the hierarchical leadership style and I like it maybe a bit flatter."* Thus, they complement each other and use it to their advantage, and to the advantage of the business: *"[…] we actually complement each other quite well and, yes, we also try to reflect a bit and to benefit from each other."*

Similarly, all the siblings of *injection manufacturer* follow different leadership styles. The former co-led brother K2, who left the business recently, followed a somewhat authoritarian leadership style; his younger brother and now CEO follows a more participative and democratic style, and the second co-leading brother follows a rather laissez-faire leadership style.

Another co-leading team in which one sibling follows an authoritarian and the other a more laissez-faire and participative leadership style is *house distributor*. H2 describes his brother as a controlling person who is emotionally driven and likes to make impulsive and unwise decisions: *"My brother is of the type who traditionally wants to decide everything himself and then wants to do it that second."* In contrast to H1, H2's leadership style is described as *"laissiez-faire, laissez-passer"*, a more participative leader, who leads his employees by allowing them to take decisions and prefers to delegate important tasks to his employees. He describes himself as a thoughtful, considerate and calm person who is open to

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a constructive criticism culture among his employees: *"[…] I try not to do everything myself from the leadership style, but to delegate, build teams and also give them the freedom to make their mistakes without tearing their heads off."* Thus, the differences in their personalities and their leadership style are viewed as an advantage in leading the family business, as H2 indicated in the following:

> "So it's good that we are very different because (laughs) because you can catch people from different sides again. So especially when you talk about the management team, when my brother starts and rattles extremely, I can catch up with them around the back and moderate a bit. And on the other hand, he can also make my boys a little fire, which is then a little missing on the other side. And that complements each other very well (..) because you need both."

Consequently, a competitive advantage is seen in the majority of these cases. Differences in their leadership styles can be viewed as an advantage and should be used as a resource for a co-leading team as one sibling of *metal producer* indicated: *"I see that as a complement, so it's really complementary. What I miss, he has and what he lacks, I have. And that's just much bigger."* At first, different leadership styles might be time consuming and demanding when considering the different viewpoints, results and outcomes, but ultimately diversity seems to be better in the long run: *"[…] the effort may not be pleasant at the moment, but the result will be pleasant or better afterwards."* Thus, the majority of cases follow different leadership styles which arising from their personalities or adopted from different experiences. Thus, one can differentiate between the authoritarian leadership style and the collegial, participative and democratic leadership style. Where authoritarian leaders follow a top-down strategy and aim to take decisions by themselves without consulting others, democratic and collegial leaders encourage discussions within the group and aim for decision making through consensus. Each leadership style therefore has advantages and disadvantages. In this study, most siblings indicated that their leadership styles complemented one another, and the majority were aware of the benefits of working with different leadership styles: *"But that is always the complementation. What the one lacks, can be balanced by the other one. Which is for the business a power boost."*

6.5.5 Conflicts and Conflict Management

Disagreements and conflicts between siblings are natural and occur on a regular basis in the majority of the underlying cases. Some cases reported minor and major conflicts, and others reported no conflict or disagreement in their co-leadership construct, such as the case of *film producer: "So that sounds strange, but (..) we have never had such a conflict."* The awareness of the consequences of

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conflict are significant in the case of *film producer: "[…] we are aware of the fact that if we stick together well, we will hold and secure our influence for the next generation, but certainly not in conflict with each other."* Similar to *film producer, bulb producer* also reported smooth teamwork without conflict: *"There was no big decision where we contradicted each other."* It is clear that the personalities of both siblings play significant roles, with the introverted sibling preferring to avoid conflict by indulging in all his brother wants.

In the case of *handling firm*, their leadership construct of two independent firms can be seen as one way of avoiding disagreements and conflicts. Due to their similar personalities, conflicts would escalate if they co-led one firm: *"If we would try to steer a car together."* Consequently, they try to keep their areas of joint responsibilities to a minimum to allow a conscious effort to avoid potential conflict.

In the majority of cases, disagreements and minor conflicts played a significant role in their co-leadership construct and occurred on a regular basis. There is a connection between the different stages of the co-leadership construct and the number of conflicts. The early years of co-managing the family business are the learning years in which a team needs to develop and form their togetherness, and their communication, cooperation and decision-making skills. *Metal producer*, for example, indicated that: *"At the beginning, you thought that it would knock you out, the relationship between siblings is borderline in some points if you would have listed to the expression in certain conversations."* After several meetings in which they set up co-leading and communication rules, conflicts occurred less often: *"[…] but it works well because they have an extremely good culture of argument. […] They can really fight and afterwards everything is good."* A culture of debate was formed that led to quick conflict processing between both siblings. Several cases indicated that at the beginning of their teamwork, disagreements and conflicts occurred more often than after co-leading the family business for several years. In the case of *exam provider*, conflicts occurred more often during their succession process than today, as E1 indicated: *"And we all practiced the conflicts somehow (laughts), we practiced them properly (laughs)."*

Conflicts and disagreements between siblings are often due to different opinions, visions and goals, different personalities and leadership styles, and are often family driven and related to their childhood. The case of *korus producer*, for example, shows that a severe breach of trust led to numerous conflicts between all the brothers: *"There was a breach of trust. It is a difficult breach of trust."* Furthermore, different visions and goals were the reasons for their conflicts and further separation: *"But he also didn't see the future of the company, and he didn't want to support us either."* Similarly, *cantonage distributor* also indicated different goals and visions as one of their major points of disagreement, as one sibling has more drive to succeed than the other: *"[…] there was a time when*

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some shareholders wanted to move forward, want to grow and one partner might say, 'no, that's actually enough for me now, I don't want to expand anymore.'"

Cases such as *house distributor*, which had several conflicts, indicated that the majority of conflicts arose from familial reasons: *"[…] it has only ever had to do with family matters in the background."* Similar to *house distributor,* one sibling of *exam provider* confessed that their conflicts are often due to familial reasons: *"And also among each other as well as with me there are always topics of a private nature, which of course then also transfer a little bit into business life." Gadget factory*, for example, showed that conflicts mostly arise from their different personalities and from their different areas of expertise, as G1 indicated in the following: *"It's always about it, yes, if in doubt, I think we should put a little more money into marketing and advertising and communication so that customers know us and then buy our products. And my brother likes to be the one who says come (whistle), we have to cut costs now and marketing is always quick to cut (laughs). So, of course, there is always such content, but it is also important to negotiate. So, I appreciate the friction."*

In the case of *midi distributor* – a former co-led family firm – jealousy occurred when brother was more successful than the other. Both siblings slowed down the other's processes and therefore hindered each other in their development, as mentioned before. Thus, tit-for-tat strategies were implemented by both brothers, as M1 indicated: *"[…] he left me hanging last time, now I let him hang. I know he absolutely needs it and he wants it and now he can't get it."* Such strategies usually led to increasing conflicts and ultimately the company became incapable of operating.

Several different approaches as to how siblings tackle disagreements and conflicts are seen in the underlying cases. Whereas several siblings consciously forgot about the conflicts or swept them under the carpet, others preferred direct confrontation. *Bulb producer*, for example, appealed for more considerate teamwork with their siblings, because they are all aware of the consequences of conflicts and disagreements. Their approach is to sweep problems and disagreements under the carpet to avoid the disagreement or conflict having a worse impact. They thus accept the existence of conflict yet avoid tackling it. The differences between non-family and family team members and their interaction is clear, and thus more open communication and conflict resolution is given:

> "[…] you don't want to start a big argument about something like that because you know that much more is at stake than just that one thing now. With employees one can just say, 'That's not how we do it, I disagree, see that you fix it.' It doesn't work with siblings. The tendency is probably to sweep such things classically under the table. To take back and think 'no because of that don't open a barrel.'"

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Mutual trust plays an important role in conflict management as each of them strives for the same goal of successfully managing the family business. To avoid greater conflicts, one of the siblings needs to give in and, in the underlying case, it becomes clear that B1, the introverted and less dominant sibling, more often agrees with his brother's suggestions: *"Of course there is also basic trust. You have to withdraw from time to time and I do it more in the constellation that you do it because you know in the end he wants exactly the same thing as me. Even if I know that is nonsense, I would do it differently."*

Cantonage distributor, for example, indicated that forgiveness and tolerance are two of the most important tools in their co-leadership construct. They tend to sweep disagreements under the carpet to maintain harmony in the family: *"[…] you have to have a little Alzheimer's, a little family Alzheimer's."* They suggested that the ability to forget is one of the most important strategies they follow in avoiding conflicts. The level of tolerance is extraordinarily high in order to avoid conflicts that are likely to have a major impact on the harmony and relationships within the family. Thus, in the case of *korus producer*, for example, the tendency to tolerate the behaviour of one brother was allowed and problems were swept under the carpet to maintain harmony in the family: *"My eldest brother was very devoted to sport at the time, yes, where there are of course many topics, where, thank God, the company was doing well, where you could also tolerate such topics and that was just a family aspect , to say, then we prefer to sweep the topics under the carpet and not lift the carpet and everyone can live his life in the company here without now, I say, to optimize the topics to the last cent and to say that it doesn't work, the whole workforce belongs here in the company, but has already been tackled with a lot of generosity by my two brothers."*

Although sweeping problems under the carpet was once a reasonable method of tackling conflict, due to the economic development and size of the family business, the strategy became unaffordable at one point and alternatives needed to be found. Sweeping problems under the carpet is a strategy of managing conflicts by not actively confronting them, but accepting their existence.

Cases such as *exam provider*, *house distributor*, *cantonage distributor* and *gadget factory* follow a confrontational approach: the siblings follow a level of communication in which each sibling directly addresses the problem before it develops into a conflict. *Exam provider* indicated that during their pre-succession process, they learned how to tackle conflicts and therefore encourage a straightforward culture of conflict. During their succession preparations, they have learned different approaches on how to handle conflicts and are dedicated to smooth and peaceful teamwork:

> "[…] we always kept talking to each other, no matter how difficult it was. Then you just go out and then you cry and then you are not ready to speak at that moment, then a limit

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> is crossed, and then you take a breath 10 times and go back in and still we have to keep talking and talking then. And that works."

The remarkable situation in the underlying case is that they defined and developed their communication and conflict management skills, indicating a desire by all siblings to seek solutions: *"In this respect, we also have this high demand on ourselves to work on conflicts, to stay tuned and to resolve them as far as possible. And not to let it blaze there in silence."* Similarly, in *cantonage distributor*, they openly discuss any disagreements and have introduced a 48th rule in which disagreements need to be put forward to discuss them thoroughly:

> "So, we said that when the barrel is full we put it on the table, talk about it and then solutions have to be there. Done."

To continue to successfully co-lead a family firm, in-depth conflict management is needed to pour oil on troubled waters. The majority of sibling teams that were not successful, failed due to their inability to resolve conflicts between the siblings, such as in the case of *midi distributor*. In the case of *korus producer*, disagreements and conflicts were constantly swept under the carpet and eventually led to an outburst, resulting in one brother leaving the business: *"[…] if that drags on for years and always comes up strangely – it doesn't work much longer."*

Cantonage distributor, for example, indicated that their private and business lives need to be kept separate, to avoid conflictual situations: *"[…] you just have to separate business and private. So, that means that if we make a decision on the business, it still has to be that we can have a beer in the evening in private. And that works here with us." C1 added the following: "[…] but I think we have a recipe because, we can here, during the day we can yell at each other, but in the evening, we can stand together at the counter and drink beer. So, there is no resentment. And we find that very important."* Similarly, in the case of *exam provider: "[…] you have to separate hats, that's not my brother at the moment, rather an employee who is responsible for the area [name of the area] and has developed it incredibly well, (…), if we separated these hats and started talking to each other, so we were certainly arguing in time and didn't get along really well, but we just managed to have these conversations with each other in such a way that we said, 'we don't let the plain divide, we don't let a wedge drift between us', and that made us incredibly strong."*

Bulb producer, for example, indicated that the non-family manager in their TMT has an important role in conflict management: *"[…] the third in the league plays a very important role. My brother-in-law who really plays a very valuable role as a balancing person." Gadget factory, korus producer* and *injection manufacturer* share the TMT with at least one non-family member who is useful in

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mediating between siblings when there are tense situations: *"[…] I stand in between as a mediator. The buffer, so to speak."*[33] Although metal producer is currently co-led by two brothers, they consider a third person essential to balance the mood between the brothers: *"The third managing director would be an advantage for the family company of our size."* The advisory board that act also as a third person in the co-leadership construct plays an important role during conflict management in several cases.

To prevent disagreements from escalating, several family businesses developed a *family codex* that defines and explains specific rules that family members need to comply with. In the case of *cantonage distributor,* for example, all siblings stressed the importance of their family codex in which they placed certain criteria on how to co-lead the family business on record: *"[…] and if there are any questions today, yes, growth, we can say open page 13, we have decided that, at least 10 %. […] I think a stone fell from everyone's heart, because everything has now been written down and decided and yes, no longer these permanent discussions because, I say, it can't be that one wants growth, the other does not want growth and that we always act differently there. And now we could, I say, pull everyone on a leash."*

Being aware of the consequences of conflicts on the family and the family business is evident in the underlying cases, and thus each case leans towards tolerance:

> "What is more existing is a very cautious way, so considerate, because we know that if there is a conflict, it is different than with someone else […] This is this family history, where, you have to admit it, there you can't say we do it professionally, there are clear assessments, analysis of what happened. Sometimes that's an advantage, but sometimes it's difficult because you just talk differently."

Thus, due to their long history of joint decision making and teamwork within the family, co-leading the business with a sibling is emotionally driven and may not be wholly professional. There is a difference, therefore, between leading a business as brothers or with a non-family manager: *"[…] blood is thicker than water. That means that it makes a difference whether it is a brother or whether it is a non-family manager. And the relationship, that makes a lot of difference. So to say, brotherly love and such and brotherly hatred and (laughs)." Handling firm* also talks about brotherly love and the power that comes with it: *"[…] that is actually brotherly love and that makes a lot possible."* Thus, siblings tend to be more tolerant and forgiving of each other as they are aware of the consequences if disagreements or conflicts arise. *Film producer*, for example, indicated that the power of unification has a great influence on the success of the team and also on

33 bulb producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

the family business: *"[…] the two of us are only strong as long as we agree on things, we can lose any influence if we work together, yes, if we somehow tend to work together with conflicts. Then we'll both lose a lot in the end. So, this is total lose-lose. And if we keep a high level of unity, we will stay together."*

6.6 Analysis – Function of the Advisory Board

Installing an advisory board in the family business can be seen as a strategic move in good cooperate governance. When leadership and ownership move from a patriarch to a team of siblings, an advisory board can be extremely beneficial. In the underlying sample, 12 out of 13 cases have an advisory board. Thereby they were either installed shortly before the team of siblings entered the family business or long before the team joined the business. The majority of advisory boards are composed of a mix of family members and non-family members. Cases such as *bulb producer*, *cantonage distributor*, *exam provider*, *house distributor*, *gadget factory*, *injection manufacturer* and *film producer* have mixed advisory board members. *handling firm* and *larch factory*, for example, expressed the importance of having only family members on the advisory board in the following: *"[…] it even makes sense that it is one of the family as the head of the supervisory board so that you have no strangers."*[34] Thus, the majority of the underlying cases have an advisory board except for *metal producer* who prohibited their father from installing an advisory board: *"[…] our father wanted to set up an advisory board, and I said 'I don't want an advisory board.'"* However, both indicated that when the next generation takes over, they will install an advisory board in order to keep some control over the business: *"to control and from time to time be a little bit involved."*

In the underlying cases, the advisory board plays a significant role and has various important functions, including appointing future successors, being involved in making bigger investments and strategic decisions, and several are used as sounding boards for smaller decisions, especially when siblings cannot reach consensus. Thus, the power of the advisory board can be viewed by the tasks and responsibilities they fulfil. *House distributor* indicated that the advisory board may have a greater role in safeguarding the family business as the co-leading siblings need to discuss major decisions with the advisory board:

> "[…] the fact that we have an organizational structure where we have a very, very powerful advisory board means that we can't really play around like that. So, in the end there is an investment limit and personnel limit and everything that is important must always go through the advisory board."

34 handling firm.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

In some cases, the advisory board played an important role during the succession process and managed the transfer from the senior to the juniors, such as in the case of *house distributor*: *"[…] then it was finally decided by the advisory board, okay now is the time and you have to go to the management."* Similarly, in the cases of *cantonage distributor* and *exam provider*, the advisory boards played an important role in succession planning and the evaluation of the successors: *"[…] that the advisory board decides whether the qualification for managing director is there."* Also, in the case of *gadget factory*, the advisory board plays an important role during the succession process, as one sibling indicated: *"And then in a long process, together with our father, the supervisory board and an external consultant, we considered whether this could be interesting."*

In the majority of cases, the advisory board is seen as a sounding board with a consulting function, as *cantonage distributor* indicated: *"And of course also sparring partners who look at the company from the outside and then give appropriate impulses."* In a similar vein, both brothers of gadget factory relied on the advisory board, especially in their first years of co-leading the business: *"And then we simply had him as a coach and sparring partner through the chair of the supervisory board."*

In several cases, the advisory board plays a balancing role between two or more siblings. Thus, whenever siblings cannot agree on something, they involve the advisory board, as *house distributor* indicated in the following: *"[…] It is organized so that my brother and I don't have to argue about such shit, because in the end that's always the decision of the advisory board. […] But as soon as there are any different opinions, we take on the third party who then critically discusses it for us. And they are actually very good politically and do not trample on either one or the other."*

In the case of *cantonage distributor* – which is co-led by three siblings – the advisory board, in which their father took the lead, plays an important role whenever all three cannot reach an agreement: *"And if no decision is made, then we have to consult our father again or hold the advisory board."* Similarly, in the case of *film producer*, which is co-led by two brothers, the advisory board plays an important role when a stalemate is reached and the family business is temporarily incapacitated: *"That means that if we both were hard to fight it out, that's also one of the reasons why we have an advisory board because we said that's one, theoretically, this two-brother constellation that is so capable of itself neutralize, you have to somehow get a resolution and that would be the advisory board in case of doubt, which could then mediate and clarify somehow."*

To sum up, the majority of the underlying samples have an advisory board, the minority being installed shortly before the next generation of sibling teams took over leading the business. Thus, the majority of advisory boards were already present before the siblings joined the family business and can be viewed as

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preparation by the senior for his exit. Thus, a corporate governance initiative is mostly concerned with a mix of family members and non-family members, and three cases are controlled by family members and shareholders. Siblings who co-lead a family business value the presence of an advisory board as they use it as a sounding board and in a consulting role. In most cases, an advisory board is also used as a middleman between siblings in case of disagreements, conflicts or whenever the siblings cannot agree on something.

6.7 Summary of the Empirical Findings

Co-leading a family business as a sibling team can be a double-edged sword: on the one side, resources, trust and togetherness can be considered as an essential foundation for teamwork, and on the other side, emotions can destroy the entire construct within seconds. This is a sensitive topic that needs special attention as many co-led firms default – *"The chance that something goes wrong is much higher than the chance for success"*[35] – and more and more family businesses plan succession to a team of siblings. Reasons for this might be to aim for equality – *"give everyone the same chance"*[36] – and the seniors not wanting to 'choose' the successors – *"for the boys, my father didn't want to make a decision."*[37]

From an average of 4.5 siblings in a family, 2.6 work in the family business and 2.1 co-lead the family business. In terms of ownership, it is evident that of an average of 4.4 siblings, 3.9 siblings own shares in the business. Thus, the construct of handing over the family business to the oldest son is no longer followed, and ownership is mostly distributed to all siblings without considering their added value to the family business. In only two cases was it clear that not all siblings were involved in the co-ownership; therefore, it can be concluded that a culture of inclusivity and equality exists in the underlying sample. In addition, as the majority – nine out of 13 – are or were formerly co-led by two or more brothers, a gender comparison cannot be made; however, the assumption that family businesses are mainly handed over to sons rather than daughters can be made. This was confirmed by several cases that indicated that they – as boys – felt the indirect pressure of their parents to take over the firm and their female siblings were seemingly neglected:

> "For my father it was important that they were boys, so the girls were not asked."[38]

35 handling firm.
36 handling firm.
37 film producer.
38 film producer.

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The relationship between siblings as well as with the family seems to be of the utmost importance to the success of the co-leading sibling team. In the former co-led cases, siblings did not cultivate a close relationship with the family as well as between siblings, and therefore no deep foundation was present. In contrast to former co-led siblings, it is clear that current co-leaders consciously promote an intimate and close relationship with their siblings through regular family meetings and vacations. Concerning the age difference, the average age difference of co-leading siblings is around 3 years. Compared to the former co-led siblings, who were approximately 4.3 years apart, it can be assumed that a smaller age gap is more beneficial to a co-leading team. Siblings with a smaller age gap experienced a more intense relationship during their childhood with shared interests and hobbies, and therefore influenced each other when considering entering the family business.

In general, parents and especially seniors play a significant role as to whether interest in the family business is developed or not. Although all cases denied that they were forced to enter the family business, they were aware of the strong influence of their father, which was underlined by the following statements:

> "My father actually said, 'my sons all will enter the company!'"[39]

> "Yes, at 10, 12 he always said: 'So, C2 at some point you have to join.'"[40]

> "[…] but there was no other way, he wanted me to come back and […] then I came."[41]

Apart from a few, the majority entered the family business without gaining work experience outside the family firm, and the minority have a thorough succession plan in place. Although their father influenced them to enter the family business, the majority took an active decision for co-leadership with their siblings as one sibling of metal producer indicated:

> "I talked to my brother first and he said he would be happy if I came back."

Furthermore, siblings did not enter the business at the same time, as a result of age differences and whether they had gained prior work experience outside the business. The success of the succession plan was clearly influenced by the motivation of the successor to take over the firm and the goal of the senior to hand over the business. The refusal to let go can lead to conflict-laden situations between the senior and the juniors that can ultimately lead to the junior changing career paths. This can be viewed in several cases in the underlying sample. Thus, conflict-laden succession processes were more common whenever the senior did not want to step back and hand over the firm to the next generation.

39 korus producer.
40 cantonage distributor.
41 metal producer.

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Moving from patriarchal to post-patriarchal leadership constructs are also seen in the decision-making process, which becomes more process-oriented than person-oriented when two or more siblings need to take decisions. Thus, different decision-making procedures were evident in which more people needed to get involved and less decisions were intuitively made. Different personalities and different leadership styles with diverse views may lead to a more thorough decision making; however, decisions may take longer due to greater efforts to coordinate resources. Another paradox is therefore visible. Where different personalities may lead to a better outcome, it may also lead to more disagreements and conflicts within the co-leading team and eventually to the inability to act whenever siblings do not agree on a business-relevant topic. Thus, conflicts between siblings are more often emotion-driven than fact-based. Conflicts usually occur more often in the beginning years of their co-leadership than later on. The paradoxical situation in which family members are seen as an essential resource as well as a threat to the family business is clearly present in the underlying sample. Siblings trust each other and value the sibling bond; however, the majority of cases are aware of the potential for disagreements and conflicts, and their consequences in the long run. In the four former co-led family firms, conflict between the siblings ultimately led to a separation in the family. Great tolerance is evident in the underlying sample in which siblings oversee certain decisions made by the other sibling, or smaller problems are simply swept under the carpet as they are aware of the consequences that may result when facing the disagreement:

> "[…] you don't want to start a big argument about something like that because you know that much more is at stake than just one thing now.'"[42]

Other cases prefer a more confrontational approach in order to avoid problematic situations in the family that could potentially become dangerous. Thus, disagreements or any other concerns are discussed, and an open communication approach is encouraged:

> "In this respect, we also have this high demand on ourselves to work on conflicts, to stay tuned and to resolve them as far as possible. And not to let it blazes there in silence."[43]

The existence of an advisory board seems to be particularly important when two or more siblings co-lead the family business; the advisory board can function as a sounding board, a final decision maker and a neutral third entity that provides balance. When decisions cannot be made or disagreements arise, a functioning

42 bulb producer.
43 exam provider.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

advisory board plays a more consulting than controlling role in the underlying construct.

Each current co-led case found a satisfactory solution to satisfy the needs of both systems – the family and the business. Thus, management of their paradoxes are evident in the underlying co-led cases.

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7. Discussions and Interpretation of the Findings

It has become increasingly common to pass the family business on from sole leadership to a team of siblings. The shifting away from the historical practice of primogeniture towards the inclusion of multiple siblings in the leadership layer of the business has been recognised as the most significant change in family businesses (Aronoff, 1998). Research on the post-patriarchal leadership construct of siblings co-leading a family business is limited and, although it has become the most common succession method, it has mostly been neglected within the research stream of family firms and leadership. As sibling dynamics can either make or break a family business (Aronoff & Ward, 1997; Gage, Gromala & Kopf, 2004), it is extremely relevant to further analyse and study these constructs (Uhlaner, 2006).

Having said that, co-leading a business with another sibling is a double-edged sword, as *"it is also clear that relationship among siblings are a rich broth of love and hate, care and abuse, loyalty and betrayal"* (Friedman, 1991, p. 6). On the one hand, the shared genetics and social background of siblings support an extraordinarily strong sense of trust, cohesion and loyalty which replaces control mechanisms and therefore controlling efforts and expenses can be pared down (Chrisman, Chua, Kellermanns & Chang, 2007). On the other hand, a sibling co-leadership construct is seen as one of the most unstable and fragile concepts as potential threat of their inability to handle minor disagreements may lead to major conflicts, and eventually to a default. The key problem is seen in a situation in which interpersonal and intensely personal issues are acted out within the family business (Kets de Vries, 1993) – when problems from one layer interfere with the other layer. The construct of two or more siblings co-leading a family business is a risky construct as sensitive subjects in the family are often carried into the business as one case *house distributor* indicated: *"[Disputes] only ever had to do with family matters in the background."* Thus, it comes to no surprise that managing the two independent systems – family and business – may guarantee the survivability of the family firm.

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What helps to make the risk potential of siblings co-leading a family business manageable, and what strengthens the risk potential are questions that must be considered when studying a co-leading construct. The following subsections discuss strategies and topics that make co-leadership of two or more siblings manageable.

7.1 Business Family Layer

The underlying thesis highlight two topics of the business family layer that seems to have an influencing impact on the co-leadership construct. Family dynamics as well as the birth order of siblings have a major influence on the co-leadership construct of two or more siblings.

7.1.1 Family Dynamics – Trust, Cohesion and Loyalty

Family businesses derive their unique nature from the influence of the family on the business (Hall & Nordqvist, 2008), and the harmony and the relationships within the family have a primary influence on its survivability (Aronoff & Ward, 1997; Goldberg, 1996; Royer, Simons, Boyd & Rafferty, 2008) and the long-term viability of the family business (Wimmer et al., 2018). Thus, the aforementioned is responsible for the success or failure of a family business as *"the strongest influence on the operation of business is the social ties among family members"* (Lee, 2006, p. 177). Sibling relationships are the longest-lasting social connection in life (Wimmer et al., 2018) and strong family bonds are based on mutual trust and loyalty, and family firms rely on mutual trust in their corporate governance (Corbetta & Salvato, 2004). Consequently, high levels of trust among family members is said to reduce transaction costs and provide effective governance mechanisms (Chrisman et al., 2007; L. Steier, 2001), as long as co-leading siblings pursue common goals: *"[…] I trust him, and I have complete confidence in him that his intention and my intention are aimed at exactly the same thing. […] the goal we have in common is 100 % congruent."*[44]

Thus, trust needs to develop and mature before both siblings begin to co-lead the family business, and it is often the foundation for co-leading the business. In addition, many siblings consider co-leadership with siblings a psychological benefit as they can trust each other and therefore discuss sensitive issues with each other. It is also important that trust, cohesion and loyalty are interrelated and mutually important in their co-leadership construct:

44 gadget factory.

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> "Incidentally, something that relieves me tremendously emotionally, […] it would be a much greater burden if the other person wasn't there, because if it gets really difficult, there is somehow blood thicker than water. […] Knowing that naturally makes you a little bit more relaxed when dealing with more difficult constellations, because you always know, come on, we will make it together and we somehow managed to do that at the time."[45]

Thus, trust, cohesion and loyalty may contribute to more effective and successful managerial cooperation and collaboration of two or more siblings within the family business: *"FULL LOYALTY BETWEEN FAMILY MEMBERS."*[46]

The level of trust and family bonds may change as the company moves through the stages of its life cycle. Thus, from generation to generation, family bonds weaken, and trust diminishes as family members become more distant due to the absence of mutual experiences and close relationships. Distrust may arise and an alternative governance structure needs to be developed that replaces family trust (L. Steier, 2001; Sundaramurthy, 2008). In former co-led cases such as *korus producer* and *larch factory*, the absence of trust and loyalty between siblings prevented a smooth and successful teamwork: *"It is a difficult breach of trust."*[47] Thus, the higher the level of trust, the smoother the teamwork. When siblings show mutual trust, less control is needed and each of them can concentrate on their field of expertise, leading to a successful family business. Therefore, the relationship between siblings can be considered as the foundation for loyalty and trust.

A deep relationship between siblings seems to be extremely important within the underlying sample as, when the relationship did not develop due to the absence of a family bond, separation could not be avoided: *"[…] we have never had such a good relationship."*[48] Schjoedt, Monsen, Pearson, Barnett & Chrisman (2013), for example, indicated that relationships among members of management are more important than the shared competencies when building a team. In the majority of cases, a conscious separation of family and business is seen as an advantage to co-leadership as the interference of private issues in the business is avoided. Other cases clearly indicated that interference is the most influential factor on their efficient and solid teamwork.

However, trust between family members – the willingness to be vulnerable to each other – has yet not been fully incorporated into governance literature. Governance literature mainly focussed on agency theory when explaining the behaviour and control in firms (Eisenhardt, 1989; Jensen & Meckling, 1976), but

45 film producer.
46 korus producer.
47 korus producer.
48 larch factory.

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neglected the fact that mutual trust between family members seems to be of central importance to the existence of the family business (Sundaramurthy, 2008). Thus, harmony within the family can be considered the basis for a functioning team of siblings, and unity, trust and loyalty are the most important requirements a sibling team needs when co-leading a family business. Consequently, business families – especially parents – are able to consciously influence the relationship between siblings which, in the end, will benefit the co-leadership construct of the family business; the success of the family firm also influences the harmony within the family, and vice versa.

7.1.2 Sibling Birth Order and Different Conditions

As birth order has a most powerful impact on how individuals react to the world (Sulloway, 1996), the underlying study shows that the birth order of siblings has a significant impact on the co-leadership construct of siblings. From both current and former co-led cases, the first-borns and the later-borns[49] have different starting positions which again have implications for their later teamwork.

The expectations of the founder, the family as well as the surroundings are clearly different depending on the birth order of the children. In most cases, different treatment of the first-born and the later-born children is clear: first-borns, and often also the assigned successors, were often consciously led into the family business. Hence, the traditional state of primogeniture where the oldest son is seen as the successor of the family business has not vanished: *"[…] that's that old traditional picture."*[50] First-borns are aware of their future responsibility and tend to further argue their right for first choice with the expected 'first-born status': *"[…] because I am the first born."*[51] First-born siblings know early on about their responsibilities and usually design their lives – especially their academic or educational careers – accordingly. Their motivation to enter the family business as the only successor was usually triggered by the senior and the environment: *"[…] it was clear to me from the start when dad said back then: 'I don't care C2, you're doing this with me here in the company.' It was like that for me. It's not that I chose it voluntarily."*[52]

Whenever the first-born showed interest in the family business, the roles of later-borns were seen as secondary and more often they rejected any interest in joining the family business: *"[…] with my brother it was always clear in his entire*

49 Later-borns are considered as siblings who are born after the first-born sibling.
50 exam provider.
51 house distributor.
52 cantonage distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

career that he wanted to join the company and I always didn't want to join the firm."[53] Thus, the decisions of the first-borns give later-borns the chance to develop according to their own wishes and without considering the future of the family business: *"[…] which also gave me the freedom to do something else. I actually thought that was quite good, took the pressure off me."*[54] The fact that later-borns could freely develop their skills and passions before entering the family business can be seen as one of the major success factors for a team to function well. That being said, a rather competitive environment might have developed when both siblings were interested in taking over the business at the same time:

> "[…] if I had known I wanted to go to the company and want a role, it would have been more difficult."[55]

This is clearly visible in the former co-led case *midi distributor*. When the second sibling entered the family business without the blessing of the first-born brother, disagreements and conflicts began to appear.

Furthermore, the differences between first-borns and later-borns being motivated to enter the family business are evident. First-borns entered the family business with the drive to take over and eventually lead the family business. The fact that they were treated as the designated successor clearly influenced their presumed motivation. Later-born siblings entered the business either with the desire to follow their older siblings as *exam provider* indicated: *"[…] I will try that as well,"* or with the motivation and need to interact as equals, with the goal of eventually co-leading the family business with their siblings. Thereby the desire to play an influential role within the leadership construct is more present than when considering the desire of first-borns.

As later-borns naturally enter the family business years after the first-borns, the first-borns have a definite advantage. By the time the later-borns enter the business, the older sibling has already settled into the business, planned a leadership position and developed their field of expertise. Therefore, it seems to be unavoidable and significant that the later-born siblings join the business with a diverse set of skills, knowledge and experiences as one sibling of *korus producer* indicated:

> "My eldest brother had studied business administration, my second eldest brother is the technician in the family, the third eldest had done a commercial apprenticeship and consequently I thought the best thing for me was to be able to map my own area in the firm, and that's why I started a law degree."

53 bulb producer.
54 gadget factory.
55 bulb producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

One can therefore talk about later-borns having professional and functional disadvantages, which eventually must be tackled in order to develop a functioning co-leadership construct. Later-borns somehow get the 'leftovers' and must be able to adapt to the situation.

When the oldest sibling did not fill or complete the needed leadership competencies as a CEO of the family business, the next sibling had the opportunity to compensate for the absence of skills. This phenomenon appears to take place in numerous cases in the underlying sample. In the case of *korus producer*, the father wanted all his sons to work in the family business but clearly enunciated that he wanted the youngest sibling to lead the business: *"So surely the father's expectation that the company would continue to be run by the sons, that the company would continue to develop (..), the father made it clear to me that he saw it in such a way that I should run the company and my brothers would also lead it should."* Similarities can be seen in *cantonage distributor and injection manufacturer*, where the youngest siblings directly or indirectly took over the lead of the family business after the first-borns and second-borns were unable or unwilling to fulfil the firm's demands. In the cases of *film producer* and *exam provider*, the second and third siblings took over the co-leadership of the family business.

Thus, the shift from the first-born to the later- or latest-born is a delicate operation within both the family and the business layers. The consequences of a difficult leadership construct and the influence on the relationship between the siblings and the family may occur. A leadership construct in which one sibling – mostly the latest-born – performs and carries the other siblings – mostly the first-born or later-borns – often occurs and can be seen as a solution to maintain harmony within the family. Whether the family business would perform much better without them is unclear; however, harmony in the family plays a very important role in the success of the family business (Aronoff & Ward, 1997; Goldberg, 1996; Royer et al., 2008).

Whenever leadership shifts from the first-born and designated successor to a team of siblings, the potential for conflict within the family is high. The designated successor needs to process his or her dethronement and accept the newly created leadership construct. This is a challenging task that should not be underestimated, as seen in case *cantonage distributor:*

> "The only thing was, our brother was supposed to take over the whole business and he had to put up with the fact that there are still two who also get shares in the company. And that was basically the big challenge for our brother, that is, to process it."

Thus, the question of how families can follow a procedure that avoids loss of face and maintains cohesion, trust and good relationships in the family, especially between the siblings, remains unanswered. A solution that satisfies the needs of

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the family and the business must be found, as several family businesses flounder due to the inability to separate those spheres, as *film producer* indicated: *"We just did NOT manage to separate the sphere so well."* Thus, when the tension between family and business is mismanaged, several solutions for the continuity of the family business appeared in the underlying sample. The first solution might be that the oldest sibling needs to exit the family business as a leader. In *film producer* and *injection manufacturer*, for example, the first-born left the co-leadership construct for the well-being of the family and family business to the later-borns but stayed an active shareholder. The second solution might be that the first-born left both the leadership and the ownership layers. *Korus producer*, for example, indicated two different solutions in which one brother was completely paid out and no longer played a role within the business family, while two other brothers handed over leadership to the youngest brother, but remained active shareholders. A third solution might be to hire a non-family manager to balance the tensions between the siblings, as in the cases of *bulb producer, korus producer, gadget factory* and *injection manufacturer.* A further option to absorb tensions between siblings is to give the advisory board more power which again may operate as a buffer between the siblings. At the end each constellation requires a unique set of tools or solutions to manage the situation and safeguard the business.

The underlying case studies indicate that birth order has a clear impact on the teamwork and co-leadership of two or more siblings in a family business. The co-leading siblings have different starting points and requirements when entering the family firm. Where first-borns grew up with the expectation of taking over the family firm and thus designed their careers accordingly, later-borns enjoy freedom of choice to pursue their career outside the family firm. When the first-born cannot complete or fill the leadership requirements, the later-borns were often asked to join the family business to provide the missing expertise. In the majority of cases, the advisory board or the father initiated the entry of the later-borns, whereas in the minority of cases, the first-born approached the later-borns to compensate for their missing expertise. Thus, it becomes observable that such unequal leadership constellations of siblings in which one performs much better than the other are a common phenomenon. It becomes visible that such constructs majorly work due to the fact that the majority accept the situation in order to maintain harmony in the family.

Thus, the areas of tensions – the two layers of family and business – need to be managed appropriately to guarantee the success of the family business. The shift from the first-borns to the later- or latest-borns needs to be accepted by all participants as there is the potential for conflict as well as loss of respect. In the case of *korus producer*, the underperforming siblings decided to retire from the management duties of the family business. Thus, no conflict and no loss of

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respect occurred and harmony within the family was maintained. In the end, the paradox between family ties and the competency profile of the family business needs to be managed. To promote a system in the family that functions well, the conventional way followed by the seniors needs to be changed. The golden rule for the following generations should be the competence needed to lead the family business before birth order in the family. Sooner or later the golden rule will be enforced, which needs to be managed appropriately to avoid conflicts within the family.

7.2 Family Business Layer

In the family business layer, the succession process of each sibling differs and each of them has an effect on the co-leadership construct of the siblings. The interplay between the incumbent and the successors, as well as any conflict situations, will be further analysed and compared in the following subsection. The advisory board, that is present in the majority of cases, is seen to prevent conflictual situations in the co-leadership construct and has an obvious impact on the success of the team.

7.2.1 The Diversity of Succession Processes

Succession has long been seen as the most critical phase in the life span of a family business, mainly due to the different actors who are affected by the process (Aronoff & Ward, 1997; Cadieux, 2007; Isabelle Le Breton-Miller et al., 2004). Two groups of participants are therefore viewed as the main actors in the succession process: (1) *the incumbent*; and (2) *two or more successors*. The relationship between the predecessor and the successors can be seen as key to the success of the transfer of power (Cabrera-Suarez, Saa-Perez & Garcia-Almeida, 2001). Thus, incumbents need to let go and allow the successors to take control (Handler, 1990), and in turn successors need to demonstrate the necessary skills and experience to lead the business (Barach & Ganitsky, 1995; Barach, Gantisky, Carson & Doochin, 1988), and the willingness to develop his or her capabilities. On top of this, the interpersonal relationship between the succeeding siblings play an important role during the succession process. Astrachan & Aronoff (1997) and Nelton (1996), for example, pointed out the complexity and difficulty of succession from one incumbent to several successors.

Thereby, one need to differentiate between two different succession processes: (1) *from senior to child*; and (2) *from non-family manager to child*. It is also important to mention that owed to the age difference, in the majority of cases,

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siblings do not simultaneously enter and take over leading the family business. Thus, co-leadership successions mostly take place one after the other, either from senior to successor or from non-family manager to successor. It is also evident that as the first-born entered the family business years before the later-born siblings, the succession process took place from the father to the first-born, whereas the *'second'* succession took place from a non-family manager to several later-borns. Consequently, conflicts between incumbents and successors mostly occurred among first-borns and seniors and, in the minority of cases, it also addressed the later-borns.

In the underlying sample, one can differentiate between planned and structured, and unplanned and unstructured succession processes. Several cases followed a well-planned succession process that was mostly designed by the senior, siblings and consultants and, in some cases, the board of advisors also played an important role. *Exam provider*, for example, began the process approximately eleven years before the next generation joined the family business. As the process was initiated by their parents, it their father followed a strict exit plan and no generational conflicts occurred. Another case, *gadget factory*, started early on with the planning and included not only consultants but also coaches who supported the successors to prepare for a co-leadership construct. Although it is well known that a planned succession process is beneficial for the success of the next generation (Sharma, Chrisman & Chua, 2003), the majority of the underlying cases neglected the aforementioned and followed a rather unstructured process. Studies show that incumbents need to show willingness to relinquish power and consciously plan their exit strategy (Cater & Justis, 2010; Farrington et al., 2010); however, in the majority of cases the incumbent refused to let go and step aside. Often no succession took place until the incumbent passed away: *"[…] there was NO official handover."*[56]

Consequently, succession processes that are derailed by the failure to hand over responsibility eventually suffer from generational conflicts. Unsolved generational conflicts generally negatively affect the relationship within the family, as well as cooperation within the family business (Wimmer et al., 2018). Thus, in the underlying sample, whenever the incumbent failed to recognise the precariousness of the situation, the successor aimed to stop the succession process by leaving the business: *"It was bumpy. Yes, she waited too long."*[57] In the case of *film producer*, for example, the unplanned succession process led to the departure of one brother: *"So we had no problems with the handover, we had no handover and that was the problem."* The absence of structures led to disagreements between generations; however, an increasing unity between siblings occurred as they had

56 metal producer.
57 bulb producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

to stand up to the senior. On the one hand, this promoted team spirit; but on the other hand, in some cases their parents' resistance led to a situation where the siblings refused to deal with the battles and therefore considered alternative career options outside the family firm.

In line with Cater & Justis (2010) and Farrington et al. (2010), the underlying study found that apart from the willingness and ability of the successor, the ability and the willingness of a patriarch to hand over responsibility to a team of siblings can be viewed as the most important factor for a smooth succession process. That being said, several successions took place from a non-family executive – instead of the father – to a team of siblings. Thus, consciously avoiding interpersonal family conflicts was successfully managed. None of the four siblings who took over the family firm from non-family members reported any generational problems: *"So there was really little friction at the pint. And that certainly helped a lot."*[58] The willingness to hand over responsibility is clear and one can see that a transfer of power is less conflictual when leadership is handed from non-family members to family members.

In addition, an early transfer of responsibility promoted self-confidence and an early development of team experiences. This has become especially evident in cases in which siblings were highly motivated to change current structures and processes in the family business. Whenever the father refused to hand over responsibility, conflicts between generations occurred and as already mentioned, the ongoing resistance by the senior led to a demotivation of the siblings in some cases:

> "[…] if you then have to struggle with your father internally in the stress that you already have anyway in the business, that would certainly have been very nerve-wracking […] And probably could have reduced the fun of it in principle very much, yes."[59]

In contrast, whenever the father encouraged an early transfer of leadership, the leadership team formed earlier, and a smooth succession process occurred. Consequently, the earlier the senior transfers leadership of the family business, the better the siblings can focus on their responsibilities within the family business and the better the development of the siblings. The course of the succession process therefore influences the quality of the sibling team in the long run.

58 house distributor.
59 house distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

7.2.2 Advisory Boards as a Prophylaxis for Conflicts

As mentioned before, the advisory board plays an important role in the majority of the underlying cases. As a wise cooperate governance initiative, advisory boards were mostly installed before the incumbent handed over the responsibility to the next generation as part of the planned or unplanned exit strategy. Consequently, installing an advisory board can be considered preparation for a smooth transformation from the leadership to the governance institution of an advisory board.

A co-leadership construct of two siblings is seen as a highly risky construct, so installing an advisory board can be considered a buffer against conflicts not only between siblings but also between owners and managers (Wimmer et al., 2018). Advisory boards in the construct of two or more siblings leading the family business thus take on a consulting role and some even use their advisory boards as sounding boards: *"And of course also a sparring partner who look at the company from outside and then give appropriate impulses."*[60] Thus, in the majority of cases, strategic decisions are discussed by the advisory board and therefore constitute another controlling level in the co-leadership construct: *"[…] the fact that we have an organizational structure where we have a very, very powerful advisory board means that we can't really make a joke of it. So in the end there is an investment limit and personnel limit and everything that is important must always go through the advisory board."*[61] The aforementioned partly negates the decision-making power of the siblings as they need to get final approval from the advisory board; however, the advisory board as a third party is highly valued by the participants as it plays an important balancing role between siblings. When the co-leading team is formed by only two siblings, the advisory board is needed whenever decisions cannot be made because of differing opinions.

Thus, the advisory board can be seen as an institution that prevents disagreements and conflicts between siblings: *"[…] It is organized in such a way that my brother and I don't have to argue about this shit, because in the end that's always the decision of the advisory board."*[62] The abilities, capabilities and composition of the advisory board play an essential and important role. Unskilled and unqualified advisory board members, as well as board members who fail to take objective decisions, are counterproductive to the co-leading construct, as seen in the case of *larch factory* where the advisory board members were unqualified and not objective. They made wrong decisions which ultimately led to the separation of the siblings. An advisory board can have a positive influence

60 cantonage distributor.
61 house distributor.
62 house distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

on a co-leading family business when the advisory board members do not belong to one party (e.g. a friend of one sibling) and display the necessary skills and knowledge.

The underlying cases show that family businesses that are co-led by two or more family members install an advisory board as a sounding board for strategic input. Furthermore, decisions of a bigger nature are discussed by the advisory board, as well as decisions which could cause disunity between the siblings. Therefore, the majority of siblings clearly valued the existence of the advisory board and considered them as beneficial to the co-leadership construct.

7.3 Co-Leadership Layer

In the co-leadership layer, several topics are highlighted to be major influences in the ultimate co-leading structure. Thereby, several different co-leadership constructs could be identified in the underlying sample. The decision for or against teamwork with another siblings is considered as one of the most important indicators for the success of a co-leading team before the team gets formed. Later, role distribution and clarity, as well a conflict management seem to have a major influence on their co-leadership construct. The majority of studies neglect the importance of non-active and co-owning siblings which according to the underlying sample has a significant impact on the success of the co-leadership construct.

7.3.1 Diversity in Co-Leadership Constructs

Although it seems that co-leading sibling teams are based on an equal distribution of responsibilities and tasks, the underlying sample reveals the existence of two different types of co-leadership constructs – asymmetric and symmetric leadership constructs. Both approaches often derive from their personalities, characteristics, skills and abilities of siblings as well as family traditions and standards. An asymmetric leadership construct can be defined as an unequal allocation of responsibilities with one sibling seemingly more in charge than the other and an asymmetric construct is – self-explaining – a construct in which no major difference is evident in position and tasks.

Only two cases described their leadership style as symmetric and completely equal. *Gadget factory* consciously follows a symmetric co-leadership construct by leading the family business as co-CEOs without more specific positions:

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> "[…] we obviously have the same company shares, we obviously have the same salaries, we obviously have the same or comparable positions, so, where's the problem. So, we participate 100 % symmetrically."

Both brothers decided on the loose co-CEO leadership construct as both of them were appropriate to become the future CEOs, as one sibling of *gadget factory* indicates: *"In fact, we said that as CEOs were both equally capable to do so."* Similarities can be viewed in the case of *handling firm.* Due to their personalities, abilities and similar competencies, they decided to construct a co-leadership in which each brother led their own business and co-led the holding with each of them owning an equal number of shares in the holding. Both clearly indicated that co-leading a business would not work out: *"if we would try to steer a car together."*

In contrast, all other cases followed an asymmetric approach – some consciously and others subconsciously. In some cases, an asymmetric leadership construct developed from their personalities, abilities and competencies, and in other cases, it was initiated by their parents or was due to their birth order position. Differences in the asymmetric leadership constructs are clearly seen as several cases follow a more obvious unbalanced construct than others. In the majority of cases, the asymmetric construct developed according to their personalities and characteristics, and also in their leadership styles. Thus, in the majority of cases, a dominant and extroverted sibling tends to display their personal traits in the family business and therefore usually take over more responsibilities. As they aim to represent the family business, they are already perceived as the leader, at least in front of employees and outside of the business.

In other cases, the asymmetric construct is already in place when one sibling inherited more shares than the other, and here it can be said that the asymmetric leadership construct was initiated by their parents. In the case of *korus producer*, all siblings inherited equal ownership; however, their father assigned the youngest sibling as the successor: *"[…] he sees it that I should run the company with my brothers support."* In the case of *metal producer*, an asymmetric co-leadership construct is present in which one brother – the CEO – not only holds most of the shares and occupies a triple voting right in ownership, but he is also a more extroverted and dominant leader, and the spokesman of the firm and is therefore perceived as the leader of the business. In the case of *bulb producer*, the oldest and more extroverted brother occupies the position of CEO, and has a higher decision-making power than his brother: *"But the positioning has always been clear: my brother comes first."* In other cases, the abilities and competencies of several siblings are absent and therefore an asymmetric leadership construct developed in which one sibling – in several cases the youngest sibling – took over the responsibility of the business and therefore also the decision-making power.

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First-borns often struggle with the asymmetric construct and it can be said that asymmetric leadership constructs have a higher potential for conflict. The paradoxical situation occurs as the family aims for equality and the business demands equal treatment when considering the future of the family business, as only the most competent sibling should succeed (Wimmer, Domayer, Oswald & Vater, 2005, p. 314). To successfully co-lead the business, wise management of this paradox is needed. The concept of equality between siblings within the family business does not in fact exist and asymmetric leadership constructs are more common. Thus, acceptance by all participants is necessary and management of the asymmetry and its associated conflict potential is required. Furthermore, asymmetry in the majority of cases is clearly covered up by the co-leading siblings as they want to be treated equally outside their co-leadership. Only close employees have an insight into the actual construct.

Besides the two leadership constructs between siblings, it also became evident that especially when two siblings co-lead the family business, they look for external expertise. In line with Farrington et al. (2010) and Astrachan, Klein & Smyrnios (2002), who indicate a positive influence of non-family managers on the growth performance of the business, the underlying study reveals that they make a fundamental contribution in terms of extra skills and knowledge, objectivity and conflict resolution: *"[…] I stand in between as a mediator. The buffer, so to speak."*[63] Four companies share the management of their business with at least one non-family member, and family businesses that are solely led by siblings aim for a mixed leadership in the future: *"Yes, so I am also an advocate of external intelligence, which is why we also have an advisory board and sparring partner – of course also external management."*[64] Thus including non-family managers in the management board as a buffer and different expertise seem to be beneficial for the co-leadership construct.

7.3.2 Decision for a Co-Leadership Construct

Before a team is formed, the decision process for or against a co-leadership construct with one or more siblings should ideally take place. Thus, either a conscious and active, or an inactive and subconscious decision-making process towards co-management with other siblings is evident.

Although communication is the key to successful teamwork (Cater & Justis, 2010), several cases neglected the process of preparing for and consciously deciding on a co-leadership. In line with the findings of Cater, Kidwell & Camp

63 bulb producer.
64 cantonage distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

(2016), their parents, especially their father – manager and owner of the business – played an important role in the decision-making process of entering the family business and for co-leading the business with the other sibling, by promoting a welcoming culture: *"[…] all my sons enter the firm."*[65] All four former co-led siblings and several current co-leading siblings never actively took the decision to co-manage the family business with one or more siblings. In the case of *midi distributor*, the first-born never supported the entry of his younger brother and therefore a conscious decision against co-leadership occurred as he could predict the risks: *"My brother was very worried and also advised against doing it and did not like that I am now going this direction."* Thus, entering the family business without the approval of the sibling that is already in the firm indicated a rather rough start to the co-leadership construct and it is not surprising that the co-leadership did not last long.

In other cases, co-leadership constructs were not planned and therefore one can speak of a subconscious decision: *"[…] yes, then it just happened (laughs), that wasn't planned somehow it just happened."*[66] In all unsuccessful cases, it can therefore be assumed that the decision for a co-leadership construct was made by their parents: *"that was what our parents intended."*[67] Likewise, in former co-led cases such as *nimmo commerce, midi distributor* and *korus producer*, the passive decision making of siblings led to counterproductive teamwork and can be seen as a high-risk construct.

In contrast, when siblings consciously and actively decided on a co-leadership construct with their sibling or siblings, the chance of the firm's survival is increasingly higher. The incentive to consider co-leadership was mostly made by parents, siblings or even by a third party such as the advisory board. Although the incentive stemmed from someone else, the active decision for a co-leadership construct took place either before all siblings entered the business or when the first-borns were already operating within the family business. In the case of *exam provider*, all four siblings decided during their pre-succession preparations for a co-leadership construct:

> "[…] we have decided together that we want to do it together in a group of four, also in equal shares and with the tasks for which we then just prove ourselves."

In some cases, the first-born decided by him- or herself to include the later-born due to their complementary set of skills, and in other cases, a third party such as the advisory board or their parents suggested including another sibling in the team. Each of them – the first-borns as well as the later-borns – therefore con-

65 korus producer.
66 larch factory.
67 larch factory.

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sciously decided on a co-leadership construct with siblings. In *bulb producer*, for example, the first-born precisely asked the younger brother to join the business due to his complementary skills: *"Because educationally he did exactly what we needed."* Regardless of the reason for the co-leadership construct, the later entering sibling always consciously decided on a co-leadership construct in contrast to the first-entered siblings.

Conscious decision making by all participants forms a solid basis for a sibling co-leadership construct. This results in a co-leadership construct that was wanted and created by all, thus forming a solid basis for team leadership. Co-leading the family business as siblings is viewed as a psychological relief. Consequently, conscious deciding on a co-leadership construct can be viewed as another requirement for a co-leadership construct to function well.

7.3.3 Role Distribution and Clarity

From one generation to the next, the roles and responsibilities are usually divided among several people above the second generation. Where once the patriarch led the entire company and the structures were aligned according to the patriarch, a co-leadership team is more likely to be fact-based and more personalised, but tasks are distributed on more than one person.

In previous studies, it became obvious that different job descriptions and a clear separation in fields of responsibilities are increasingly important for effective team performance (Aronoff & Ward, 1997; Farrington, Venter, Eybers, & Boshoff, 2011b; Gersick et al., 1997; Handler, 1991). S. M. Farrington, Venter & Boshoff (2012) found that skills diversity, physical resources and strategic leadership are significant to the team success, and role clarity and competence are not. In line with Handler (1991), this study indicated that separate positions and areas of responsibility promote a positive relationships among siblings. In the underlying study, team member heterogeneity, in terms of skills, abilities, experiences and personalities, was found. Thus, according to Astrachan & Aronoff (1997), Gersick, Davis, McCollom Hampton & Lansberg (1997) and Lansberg (1999), diversity in skills and talents among siblings must be present for a sibling team to succeed.

Roles and positions were assigned either according to competencies and skills or to the organisational structure. The majority of siblings co-lead the family business as executive members of different specialisations such as CTOs, CSOs or CEOs. Some lead the family businesses as managing directors with different fields of expertise. In general, it can be said that family businesses in the manufacturing industry divided their areas into commercial and technical parts, and with complementary capabilities and skills:

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> "[...] my brother is the businessman with technical knowledge, and I am the technician with commercial knowledge."[68]

In companies that are trading or providing services to their customers, siblings divided their responsibilities into different business units, such as in the case of *house distributor* and *midi distributor*. Although each of them specialised in their area of expertise during their studies, work experience or during their first years in the firm, it is clear that a certain understanding of the other departments is advantageous. Separate areas of responsibilities are seen as one success factor, as the majority of cases indicated. Each of the siblings is able to govern their own departments and feel independent, but is able to connect and ask for advice from the other sibling. *metal producer* and *handling firm*, for example, indicated that their co-leadership construct would not work without a clear separation of responsibility: *"Strictly separate areas. Otherwise, would kill each other."*[69] Both brothers of *handling firm* even suggested that the strict separation of the two companies is what keeps the construct alive, and indicated that due to their different leadership styles and interests, they would be able to co-lead a business.

In contrast to the majority of cases, in the case of *gadget factory* both siblings did not consciously aim to split their responsibilities as both indicated that as co-CEOs they could benefit from each other and make use of their resources:

> "It is true that we could not relieve each other if we had a clear division of responsibilities. So if one is missing then the department is just filled with zero. And so we can really relieve each other."

In contrast to *gadget factory*, other cases indicated that the most important rule is to have clarity on their position and the respect to not interfere with the other's area of responsibility: *"Careful, that is, carefully, relatively clearly separated in the areas and that one should not intervene in the area of the other if possible."* Thus, former co-led cases clearly show that whenever the other sibling interfered in the area of responsibility of one sibling, a breach in trust occurred which led to the end of the co-leadership construct. When both siblings disregard their differences as a way towards boosting their co-leadership construct, smooth, successful teamwork can be guaranteed: *"You can complement each other as a couple, you can talk to each other, you can fertilize each other with ideas, you can tickle resource, you have totally different options."*[70]

68 metal producer.
69 metal producer.
70 metal producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

7.3.4 Patterns of Conflict Processing

Conflicts within family businesses are considered normal, and basically outline the paradoxical situation of family and business inconsistencies (Simon, 2012, p. 113). The presence of two siblings co-leading a firm can be categorised as a highly conflict-laden construct, as interpersonal conflicts occur more often. In the case of family businesses, conflicts between siblings co-leading the business occur more often and when they do occur, they may affect the harmony and the relationship of the entire family, as the former co-led case of *midi distributor* said: *"then we may not have found any agreement to maintain a 50/50 construct."* As problems in the family business shape the routine of the business family, and vice versa (Wimmer et al., 2018), tackling conflicts between family members in a family firm can be considered an important task to ensure the longevity of the firm.

In the underlying sample, different forms of conflicts could be seen, mostly stemming from the family layer: *"[…] it has always had to do with family matters in the background."*[71] For example, from minor disagreements that were either solved within minutes or swept under the carpet, to conflicts of a bigger nature that in some cases led to a change in the leadership construct, where one sibling exited the family business. As the goal for each co-leadership construct is to be able to operate, it is very important to manage disagreements and conflicts as they arise. The underlying sample uncovers two different conflict-solving approaches – confrontation and prevention of conflicts. Depending on the characteristics of the family and the business, the most suitable approach is followed. Simon (2012) defined both conflict solution approaches – confrontation and prevention of conflicts – as two risks of family businesses that are significantly bigger than for non-family firms (p. 110).

Preventing and avoiding conflicts can be seen as the most widely used approach to managing conflicts in the underlying sample. This is not surprising when considering that conflicts within the family quickly escalate to the personal and emotional, and affect both the family and the business (Simon, 2012, p. 110). Thus, to avoid triggering further conflicts that may or may not affect their relationship (i. e. family and siblings), as well as the performance of family business: *"[…] you don't want to start a big argument about something like that because you know that much more is at stake than only the one thing.'"*[72] The ability to tolerate conflicts is extremely important and, in certain cases, seems to be the best solution. Not only does it end the continuance of the conflict affecting their family layer, but it may also keep the peace within the family. Some family

71 house distributor.
72 bulb producer.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

businesses even speak of the illness Alzheimer as a big advantage in their co-leadership as it enables them to peacefully co-lead the business: *"[…] you have to have a little Alzheimer's, a little family Alzheimer's."*[73] However, the risk of conflicts accumulating and erupting is ever-present, and is underestimated in the underlying sample. Thus, in the cases of *korus producer* and *larch factory* – two former co-led family firms – not dealing with conflict ended in disaster and the families separated.

The benefit of a post-patriarchal leadership constellation is to utilise resources from different individuals. On the one hand, ideas and different opinions are considered resources that lead to a better outcome. And on the other hand, it seems exhausting to deal with different opinions and ideas, as *exam provider* indicated:

> "[…] the most important thing is that you stay in the conversation, that you can endure conflicts, that you allow different opinions and that you always come to solutions together. […]. It is sometimes very exhausting, but at least it always ends up being purposeful and constructive."

Thus, whenever a TMT avoids confrontation, the resources of each manager are not used efficiently, and the full potential of the TMT is not optimally utilised. The minority of cases follow a confrontational approach where disagreements and different options are discussed but do not escalate the conflict, as *exam provider* indicated:

> "[…] we always kept talking to each other, no matter how difficult it was. Then you just go out and then you cry and then you are not ready to speak at that moment, then a limit is crossed, and then you take a breath 10 times and go back in and say, and still we have to keep talking and talking then. And that works."

Thus, several cases developed their communication and conflict management skills, which indicated that all siblings seek an agreeable solution. A 48-hour rule was introduced by several cases where disagreements or conflicts need to be addressed and discussed: *"In this respect, we also have this high demand on ourselves to work on conflicts, to stay tuned and to resolve them as far as possible. And not to let it blaze there in silence."*[74] Continuous communication and tackling conflicts and disagreements can be considered as another conflict solution approach, that is followed only by the minority of cases because of the additional time and expense.

In the majority of cases, a third individual or the advisory board plays a significant role during conflict processing (Astrachan et al., 2002). Farrington et al. (2010) found a positive influence on performance and the involvement of non-

73 cantonage distributor.
74 exam provider.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

family directors; the underlying cases that have a non-family manager in the board consider them as *"mediator"*[75] and *"buffer"*[76] and occupy a *"very valuable role."*[77] Besides the extra skills, knowledge and objectivity, they provide a superior contribution in terms of conflict resolution between two siblings. In addition to a non-family manager on the board, the majority of the underlying cases created a family codex. The corporate governance initiative regulates leadership and ownership of the family business and the role of the family in it. Conflict management, as well as joint decision making as a team of siblings and as a team of co-owners, are regulated and written down. Therefore, the main aim of the family codex is to avoid conflicts arising and to be transparent on how to tackle certain disagreements.

7.3.5 Co-Ownership of Active and Non-active Siblings

The right to lead a family business and gain the majority of shares, thus maintaining the decision-making power, has long since vanished; family business managers and owners have begun to view ownership and leadership as independent in today's world. The new ownership construct contains family members who have different access and proximity to the family firm, which results in each of them following different interests. The non-active shareholders may aim for more dividends, whereas the active shareholders may prefer to reinvest profits in the firm for further growth. One can thus talk about conflicts of interests that have the potential to escalate.

In the underlying study, except for two cases, siblings inherited equity without considering their active or non-active status within the family firm. On average, a family consists of 4.4 siblings, of which 3.8 siblings co-own and 2.1 co-lead the family business. In the majority of cases, equal ownership among siblings is present, and in the minority, the difference between male and female ownership is made. Thus, in two cases male children hold significantly more equity than female children. In cases where ownership has not fully transferred to the present co-leading generation, all the participants plan an equal co-ownership construct. Generally, the principle of equality exists in the underlying samples, showing that several initiatives need to be taken to handle and manage the interests of each participant.

The aforementioned clearly indicates that co-leading siblings need to consider and act in the interests of their co-owning siblings. Dividends, information ex-

75 bulb producer.
76 bulb producer.
77 bulb producer.

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change and their involvement need to be encouraged to maintain strategy and avoid a conflict of interests. To guarantee the long-term viability of the family business, the private interests of the owners often need to be put aside (Wimmer et al., 2018). Thus, a *"Business first and not family first"*[78] attitude is an unspoken rule for the majority of family businesses in this study. All former co-led family firms resolved that whenever the priority of the family business moved towards the owners and the interests of owners were no longer identical, then conflicts arose. Consequently, balancing both layers – family and business – is important for a well thought-out corporate governance (Wimmer et al., 2018) that can support the co-leadership construct of siblings. Family governance initiatives such as a family codex aim to manage the aforementioned by setting goals and rules for each participant to follow. Almost every case indicated the importance of their *family codex* towards the reduction of potential conflicts between active and non-active family members:

> "[…] we packed everything into this family codex. […] if there are any questions today, yes growth, we can say open page 13, […] And all these things have been resolved and that was such a relief, in my opination, here for this company."[79]

An advisory board that is mainly made up of non-family members can be considered another initiative that balances the tensions between active and non-active family members (Joseph H Astrachan et al., 2002). This is done by employing a neutral third-party perspective among the co-owning sibling construct.

7.4 Summary of Discussions and Interpretation

Hundreds of years ago before Christ, co-leadership and shared governance between siblings occurred on a regular basis. The ancient monarchy of Sparta, for example, consisted of two kings from two competitive families, both serving at the same time and equal in authority, and both descendants of Heracles. The Roman Republic promoted co-leadership constructs where each major shared their duties – equal in power – with two or more men (de Voogt, 2006). Today, a significant number of family businesses are handed over to a team of siblings, the majority of which fail due to interpersonal tensions and conflicts. Thus, co-leadership constructs of siblings are considered a risky leadership construct that needs to be managed appropriately. It must be stressed that paradoxes that occur due to the logistics of the highly complex layers – ownership, family and business – create a breeding ground for conflicts in business families. Thus, a non-

78 exam provider.
79 cantonage distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

material advantage of a more emotional level contradicts the rules of the economically oriented family business:

> "Paradoxien führen an die Grenzen und in die Sackgassen unseres zweiwertigen logischen Denkens und Schließens, nach dem Aussagen entweder wahr oder falsch sind und eine dritte Möglichkeit nicht gegeben ist. Wenn nun ein Satz gerade dann wahr ist, wenn er falsch ist, und gerade dann falsch ist, wenn er wahr ist, gilt es als paradox im logischen Sinne." (Simon et al., 2012, p. 27)

These contradicting rationalities are considered the major cause for the success or failure of family businesses (Simon et al., 2012, p. 27). Thus, the unavoidable paradoxes should not be removed but rather a goal-oriented management should be followed (Simon, 2012, p. 42). Family businesses that are co-led by siblings especially need to define the rules to handle and manage paradoxes, to avoid jeopardising the family business. Family dynamics and business leadership are two fields of tension that need to be managed to guarantee the longevity of the family firm.

The first paradox that needs to be discussed is the following: *the family as a resource for the family business vs. the family as a threat for the family business.* Several cases in the underlying study follow a *"welcoming culture"*[80], where the senior aimed to give all siblings the same starting position and chance in the family business. Their capabilities and skills – what's best for the firm – were considered as secondary in order to maintain harmony within the family business. Former co-led cases show that when the company does not perform due to the absence of skills from the leadership team, the harmony of the family suffers as well. Thus, family members who are not performing, as well as conflicts between siblings, can be a threat to the family business. To counteract this, several families stressed their *"Business first and not Family first"*[81] strategy to combat the paradoxical situation and therefore aim for a more business focused strategy.

The second paradox is: *equality vs. inequality as the basis for justice.* Whereas the principle of equality should be achieved within the family, a principle of inequality within the family business benefits the well-being of the family business. The majority of business families prefer to keep the principle of equality in the family business. In the majority of the cases, siblings therefore hold equal amounts of equity and co-leading siblings receive the same benefits. In the leadership construct of more siblings, the competencies and skills that need to be met are often fulfilled due to the family membership (Simon, 2012, p. 53). It was also noticed that at a certain stage of the life cycle of a family business, the principle of equality is rather counterproductive, as the former co-led family

80 film producer.
81 exam provider.

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business *korus producer* indicated: *"Achievement has to be worthwhile and we can no longer maintain such an principle of equality, which then becomes incredible afterwards."* Thus, the principle of equality within the family business leads to relationship compensation more than a skills- and competency-based reward, which seems counterproductive and can jeopardise the family business. The paradoxical situation arises where the family aims for equality and the business demands equal treatment when the future of the family business is considered, as only the most competent sibling should succeed (Wimmer et al., 2005, p. 314).

The third paradox that needs to be discussed is: *emotional vs. economic rationality define the quality of decisions.* Where emotional decisions are made within the business family layer, a rational and profit-oriented decision-making process is followed in the family business layer. Conflicts thus arise when family members work side by side and clearly wear different *'hats'*. One minute, they need to make emotionally related decisions (i.e. family layer) and in the next, they need to make rational decisions (i.e. business layer). It is extraordinarily important to separate the layers: *"Die erste besteht darin zu versuchen, das Unternehmen klar von der Familie zu trennen und es zu leiten wie jedes andere Unternehmen. […] Die zweite Scheiterstrategie besteht im Gegenbild zu dem Modell der klaren Trennung beider Systeme. Wenn die Grenzen zwischen Familie und Unternehmen aufgehoben sind, ist dies ebenfalls ein Weg in den Abgrund" (Simon, 2012, pp. 40–42).* To conclude, co-leading sibling teams that are able to balance and actively manage the two systems – family and business – are more successful than the ones that neglect one of the systems.

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Chapter C:
Conclusions and Discussions of the Underlying Research

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8. Summary of the Underlying Research

This research empirically examines the dynamics of co-leading siblings in family firms. As the primogeniture practice of handing down the business to the oldest son slowly vanish (Gersick et al., 1999), a significant change in transferring leadership from one family leader to multiple family leaders (e.g. siblings) is evident (Aronoff, 1998; Cater & Justis, 2010), as Aronoff & Ward (1997) stated:

> "Where once a business was almost invariably handed down from a father to a son, we are seeing a major shift in which businesses increasingly are passed from a founder to a next-generation team of siblings." (p. 5)

Thus, transferring a family business from a patriarchal leadership construct to a post-patriarchal co-leadership construct of siblings is considered the most prominent practice in Germany today (Baus, 2012, p. 4). In fact, a recent study by PwC, conducted in Germany in 2016, shows that more than a quarter of family firms aim to hand over the business to multiple children (PwC, 2016). Similarities were found in other countries such as in the United States, in which 20 % of family firms are co-led (Frauenheim, 2009; Glavin et al., 2007) and 42 % consider installing a co-leadership construct for the next generation (Aronoff, 1998).

It is widely recognised that co-leading a family business as a team of siblings is a double-edged sword, as sibling relationships can range from love to hate, care to abuse, loyalty to betrayal (Friedman, 1991). Shared genetics and experiences foster a strong sense of trust, cohesion and loyalty among siblings, which can be considered a superb foundation for a team; however, sibling rivalry, competing for their parents' love, and jealousy can destroy a co-leading team and ultimately also a family firm (Avloniti et al., 2014; Jayantilal et al., 2016; Sulloway, 2001). Cater & Justis (2010) and Rau (2014) acknowledge the use of a family's human resources as beneficial for the co-leading team when employing more family members in top management positions. In addition to the ordinary daily business challenges, co-leading siblings need to manage problems arising from the dynamics and relationships between the siblings themselves and the family. Thus, co-leadership constructs of siblings are considered more intense and

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volatile than other leadership teams. On the one hand, it can be said that co-leadership constructs of siblings can be fragile and risky, as major disagreements can have catastrophic outcomes for the business (Aronoff et al., 2011; Gage et al., 2004), the family and ultimately for the whole of society. On the other hand; however, the business family's human resources can be reflected as a competitive advantage as no other co-leading team will show similar traits derived from genetics (Cater & Justis, 2010).

Several studies have investigated co-leading sibling teams in family firms. Lansberg (1999), for example, found two forms of sibling partnership: *'first among equals'* and *'shared leadership'*. In the context of forming a leadership team, Aronoff et al. (2011) found that parents, spouses and the siblings themselves are essential when building a functioning team that functions well (p. 85). Studies show that incumbents choose potential successors and their positions within the firm (Cater & Kidwell, 2014; Cater et al., 2016). Other studies show that open communication, conflict management, encouragement, mutual respect, trust, as well as mutual support and understanding between the siblings are vital for a quality relationship between siblings (Farrington et al., 2011). Other determinants of success are the relationship between the successors and the incumbent, the relationship of the successors to other family members, the family's standing, the competencies and personality traits, and the current involvement in the family business (Chrisman et al., 1998). Cater & Justis (2010) found that long-term orientation, close communication, the shared understanding of succession planning and higher decision-making quality are eight factors that influence shared leadership in family firms. They also discovered that resistance to change, failure to relinquish control to incumbents, relationship confusion and increased decision time can hinder the development of the team in family firms. Cisneros & Deschamps (2015) uncovered that advisors influence the sibling team succession through three levels: business, family and individual.

Although there is evidence of an increasing trend towards successor teams of two or more siblings, it seems the family business research stream has long neglected the topic (Cater & Justis, 2010; Farrington, Venter & Boshoff, 2011; Gersick et al., 1997; Rutherford et al., 2006). Given the significance of family firms on the stability of the economy and society, and the predicted increasing trend of sibling co-leadership constructs, there is an urgent need to gain an in-depth understanding of co-leading sibling teams in family firms.

The qualitative research method with an inductive, exploratory multiple-case study approach aims to shed light on an under-researched topic of siblings co-leading a family firm. The final sample consists of 13 cases, of which nine are currently co-led and four were formerly co-led by a team of siblings. Thus, the mixture of currently and former co-led teams increases the research quality, validity and reliability. The collection techniques included semi-structured in-

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terviews, direct observations, archival records, documentation and physical artefacts. In total, the underlying sample consists of 13 firms, 50 interviews, 2.644 recorded minutes, and 840 pages of composed post-visit reports. Following the overall research aim of answering the proposed research questions and developing the resulting hypotheses, a qualitative content analysis method was chosen. Interview transcripts were coded and resulting categories and dimensions were formed. A within-case analysis and subsequent cross-case analysis were used as approaches to ultimately answer the research questions. As the results were extensively analysed and discussed in the previous chapters, the following paragraphs summarise the main results before answering the research questions.

The results show that co-leading a family business as a team of siblings comes with benefits such as loyalty, cohesion and trust, and with difficulties such as family conflicts that influence the success of the team and ultimately the firm. Co-leading a family firm as a sibling team can be considered the supreme discipline and includes managing the family layer with at least as much attention as the business layer itself. Hence, balancing the two co-evolutionary systems promises a positive outcome for a co-leading sibling team.

For a better understanding, the results of the underlying study are divided into different stages that move along the lifecycle of co-leading siblings. Only the relevant dimensions are briefly outlined in the following paragraphs. The first stage – *the before entering the company stage* – can be considered as the preparation stage in which family dynamics, childhood and personality traits of siblings influence the decision to join the business. The intensity of their experienced childhood in terms of their relationship with their siblings and parents, as well as to the business, seems to further impact their decisions. Hence, siblings who were pressured to enter the firm were mostly unsatisfied with their job or eventually exited the business and also the co-leadership construct. The majority of interviewees indicated that they followed their fathers' will that several or all siblings work within the family business without considering the consequences, as in case *korus producer: "My father always said: 'My sons all come to work in the firm!'"*

This is in line with former research by Cater et al. (2016), who found that the incumbents chose the successors and the positions they hold in the successor team; however, the majority of cases actively and consciously decided to join the family firm and form a co-leading team with another sibling. Education and qualifications are considered important, especially when diversifying, and further acknowledge the diversification as a resource.

The second stage – *entering the family firm* – is when the sibling enters the business, making an active decision to join the firm, and in the case of the second and following entries, also for the co-leadership construct. First-enterers receive a significant advantage over the siblings who follow. Until the second sibling

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enters the business, the first-entered may already might already have mapped out their future territory. Besides receiving the leading edge in terms of employee recognition and internal knowledge of the firm, the entry order has a significant influence on teamwork. Consequently, when the next sibling enters the firm, the first-entered sibling must agree on the entry of the following sibling. Hence, negative prospects can be seen in cases in which the first-enterer did not agree on the entry of the second siblings, such as in the case of *midi distributor*, and positive prospects when both siblings actively asked other siblings to join the business due to their complementary traits, as in case of *bulb producer, exam provider, injection manufacturer* and *metal producer*. Furthermore, when the first-enterer could not fulfil expectations, the next siblings were considered as successors and, although an equal successor team was presented, the younger or later entered siblings were the dominant leaders of the business.

After the second sibling enters the business, the third stage – *forming a co-leadership successor team* – can be considered one of the most important to the following stage of acting as a co-leadership team. The conscious decision for or against a co-leadership construct, role distribution and clarity, formulating rules, relationship and conflict management can be considered the significant influencers on the success of the team. Thus, co-leading teams that were indirectly or directly formed by the parents, such as *midi distributor* and *korus producer*, were doomed to failure as none of the siblings actively decided to co-lead the business: *"My brother was very worried and also advised against doing it and did not like that I was now going that direction."*[82] Consequently, disagreements, rivalry and conflicts clouded their teamwork.

Role distribution and clarity (i. e. a strict territory separation) in which each sibling's development opportunity is seen in every case except the case of *gadget factory*. Thus, in contrast to Farrington et al. (2012), the underlying research shows that role clarity seems to be important for the success of the co-leadership construct. The case of *exam provider*, for example, went through an entire team-forming process in which they formulated different aspects, such as conflict and relationship management, before they entered the business. In the following stage of *functioning as a co-leading sibling team* – stage four – different aspects that are responsible for a positive outcome became clear from the results. Thus, active and cautious management of the interplay between both family and firm is necessary. For example, siblings that promote careful relationship management (i. e. spending time with each other outside the business) leads to a more open and low-conflict laden team. Furthermore, developing and fostering a relationship as siblings strengthens the loyalty, trust and cohesion aspects that are

82 midi distributor.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

considered the foundation of successful teamwork. The former co-led case *film producer* indicated: *"We just did NOT manage to separate the spheres so well."*

Consciously dealing with both systems and separating both is beneficial for a co-leading team. Role distribution and clarity can be considered another important element in the stage of forming a team. Thus, diversification in qualifications, skills and abilities of co-leading siblings is evident in the underlying sample and recognising these differences as a resource for the team and therefore for the success of the business is important for their appreciation of each other, as seen in case *metal producer: "I see that as a complement. What I miss, he has and what he lacks, I have."* Furthermore, it could be observed that disagreements and conflicts occur more often at this stage. Thereby, good communication and conflict management is essential for successful teamwork. Communication and conflict management methods in the underlying cases range from confrontation to sweeping disagreements under the carpet as they know that minor disagreements can have catastrophic outcomes, as *bulb producer* indicated: *"you don't want to start a big argument about something like that because you know that much more is at stake than just that one thing now.'"*

Different leadership constructs became evident in the underlying research, such as asymmetric and symmetric leadership constructs. Cases such as *gadget factory* and *handling firm* describe their teamwork as symmetric or equal, where both siblings have the same responsibilities, similar tasks and recognition by the public. All other cases follow an asymmetric approach – some consciously and others subconsciously; however, well-respected power distribution, such as in the case of *bulb producer: "But the positioning has always been clear: my brother comes first."* The aforementioned is in line with studies by Lansberg (1999) and Cater & Kidwell (2014).

Another important stage that can be considered as a subsector of stage four is that of *functioning as a co-owning team of active and non-active family members* – mostly siblings. A co-leading sibling team needs to promote another layer of the co-owning sibling team that is mostly formed by non-active and active siblings. Results show that managing and balancing the needs and wants of non-active and active siblings, as well as the support of non-active siblings, is increasingly beneficial for the success of the co-leading team.

The findings of the underlying study are promising. They provide plenty of indicators of traits that are needed to become and maintain a functioning and successful team, as well as evidence for encouraging future research. The following subchapter examines the research questions and presents the resulting hypotheses. Implications and recommendations for family firms that are or will be co-led by siblings are outlined, before theoretical implications and methodological limitations are presented. Suggestions for further research are outlined, deriving from the subchapters.

ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

8.1 Answer Research Questions and Development of Hypotheses

Based on the research results of current and former co-led sibling teams, all three research questions are answered, and the subsequent hypotheses are formed and outlined in the following subchapter. Responding to the research questions implies reviewing the information discussed in previous chapters; however, the following paragraphs precisely address the research aim. Therefore, repetition of information outlined before is not unusual. The first two questions focus more on the success factors of functioning sibling teams. It thus needs to be mentioned that success is not measured by the increasing yearly growth in revenue; rather it is about the successful functioning of sibling teams that manage to use their abilities and capabilities to operate as a team by explicitly managing interpersonal conflicts and collaborating to build a sustainable business. Financial statements of the underlying firms were analysed; however, no satisfactory correlation between the financial situation of the company and the co-leadership construct can be drawn due to the small sample. The third question focusses on the succession process and analyses to what extent it influences the longevity of co-leadership constructs.

8.1.1 Research Question 1

Why are some co-leading sibling teams more successful than others?

While studying nine current and four former co-led sibling teams, several similar and different patterns could be detected that stretch from before entering the business to co-leading and co-owning the company. Studies show that some patterns may lead to a more successful co-leadership team than others.

The first pattern that became apparent for a team to function well is the active and conscious decision making of all co-leading siblings. Evidence shows that siblings who took a conscious and active decision to join the family business, as well as the co-leadership construct with another sibling, are more successful than the ones that were formed by the senior or parents. By the time the second and following sibling entered the business, a decision for a co-leadership construct was made by all siblings. In some cases, the decision was jointly discussed, and in other cases, each sibling made their decision separately but consciously, such as the first-enterer asking another sibling to join him (i. e. *bulb producer*) and the sibling who enters the business knowing that another sibling is already in the business. Hence, consciously making the decision gave the future co-leading team the chance to mentally and educationally prepare for their future responsibilities. Competency matching took place beforehand, and communica-

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tion and conflict resolution strategies could be implemented before taking over responsibilities.

Former studies show that incumbents choose successors and decide which position they will hold (Cater & Kidwell, 2014; Cater et al., 2016), but did not indicate whether it has a positive or a negative impact on teamwork. In contrast to Cater & Kidwell (2014) and Cater et al. (2016), the underlying results show that siblings mainly took the decision to enter the firm and what position they would occupy or even jointly occupy with the other siblings. It also demonstrated that cases which were formed by the incumbent (i.e. the senior took the decision children should form co-leading team and in which constellation) were not successful in the long run, as seen in all former co-led cases such as *larch factory*, *korus producer* and *midi distributor.* Thus, active decision making by the co-leading siblings never took place and therefore a functioning team could not be developed. Consequently, disagreements, jealousy and mistrust ruled and eventually led to a separation.

> H1a: An active and conscious decision making for the family business and, at the same time, for a sibling co-leadership construct has a positive influence on the success of the team.

> H1b: An inactive decision making of a sibling (i.e. by the incumbent) is counterproductive for the formation and development of a functioning team and can, therefore, be seen as a high-risk construct and is most likely doomed to failure.

Family dynamics during childhood and early adulthood is essential to the development of *trust, cohesion and loyalty* among family members and significantly among siblings – co-leading or/and co-owning. Thus, in line with Chrisman, Chua & Sharma (1998), trust, cohesion and commitment among all family members can be considered the most important and most valuable attributes of siblings when co-leading a business. This also leads to emotional relief, as indicated in *film producer: "Incidentally, something that relieves me tremendously emotionally, […] it would be a much greater burden if the other was not there."* In contrast, in the case of *larch factory*, it became clear that family dynamics led to an absence of trust, cohesion and loyalty among siblings, which again led to disagreements and conflicts. This was seen in all former co-led cases and in cases in which one sibling exited the business: mistrust and the absence of loyalty were major reasons for the separation. Thus, a healthy and close relationship between siblings also seemed beneficial to their future teamwork as trust, cohesion and loyalty can be considered a solid basis for a team to function well.

In several cases, conscious and active relationship management outside of the firm is noted as a promising tool for a successful team. In line with Schjoedt, Monsen, Pearson, Barnett & Chrisman (2013), who indicated that, in general,

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relationships among members of the management team are more important than their competencies when building a team, active relationship management seems to be significant when creating a sibling team. Mutual and reciprocal support of all siblings, without considering whether they are active or inactive in the firm, is needed to foster confidence in each other.

> H2a: An active and conscious relationship management between siblings builds trust, cohesion and loyalty and is therefore beneficial for a sibling team to function well.

> H2b: Neglecting relationship management of siblings may lead to an absence of trust, loyalty and cohesion, which again may lead to conflicts that harm the construct.

As already mentioned, several different concepts of co-leading sibling teams could be identified. While the minority stress the importance of a symmetric co-leading team, the majority consciously follow an asymmetric construct[83], which is derived from their personalities, characteristics, skills and competencies. In line with Lansberg (1999) and Cater & Kidwell (2014), an asymmetric leadership construct is defined as an unequal allocation of responsibilities and, therefore, one sibling is seemingly more in charge than the other. Some cases follow an outspoken and accepted asymmetric construct and others co-leading siblings aim to hold up the equal construct. Thus, the desire for equality that is active in the family system is not always applicable in the business system. It is more about how the siblings cope with the terms *equality* and *inequality*, and their process of transferring it into the family. When siblings follow an asymmetric leadership construct, however, and attach great importance to equality within the family system, the asymmetry does not hinder a well-functioning team.

Hence, it can be concluded that while the majority of co-leadership constructs are asymmetric, the active and conscious acceptance by both siblings towards asymmetry is needed to build a well-functioning team.

> H3a: The acceptance of an asymmetric construct of all co-leading siblings is important to the success of the team.

> H3b: The rejection of an asymmetric construct leads to sibling rivalry, jealousy and conflict, and ultimately to the failure of the construct.

In the underlying study, functioning co-leadership constructs of siblings often prefer to install an active advisory board or involve a non-family member in TMT as a prophylaxis for conflicts between siblings. Thus, the third and neutral entity is considered as a mediator between siblings and is used to prevent conflicts between siblings. A third neutral and not family-related institution or person is

83 Cater & Kidwell (2014) consider asymmetric groups as disagreement and group destruction, one dominant leader in an unequal group or first among equals. Lansberg (1999) calls asymmetric constructs as 'first among equals.'

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seen as a sounding board and support when tensions arise between siblings. However, when the advisory board is biased (i. e. favouring one sibling over the other), its existence is counterproductive.

> H4a: A non-family sounding board in the form of an active advisory board or a non-family member in TMTs is beneficial for the functioning of a sibling team.

When a family business is co-led by two or more siblings, it is natural that the ownership is also shared by more siblings. The underlying study shows that in firms that are co-led by an average of 2.1 siblings, an average of 3.8 siblings share ownership of the business. Consequently, the separation of ownership and leadership is more common than several decades ago. In contrast to old practices of sole leadership and major ownership, an equal distribution of ownership, without considering the involvement in the business, is seen. Distributing ownership between several family members naturally comes with different interests and motives. Thus, the development of a governance system and therefore a structural development in family firms become increasingly important for a sibling team to function well. When a separation of ownership and leadership is present, a specific development of competencies in the ownership as well as in the leadership system are required to ensure the decision-making ability in both systems. Family governance includes numerous activities for non-active and active family members, and includes educational activities and facilitates communication skills with siblings that promote a platform for constructive discussions and problem solving among family members. Thus, when non-active siblings were informed and educated about the family business, as well as their rights as owners, a functioning co-ownership team was present which again promoted a functioning co-leadership team.

> H5a: Active governance management has a tremendous impact on the success of a co-leading sibling team.

> H5b: Inactive governance management has a negative impact on the co-leading team of siblings.

Furthermore, when different skills, personalities and different tasks inside or outside of the firm are acknowledged as present, a feeling of equality emerges and appears in the firm as co-owners and co-leaders. Thus, even though tasks and responsibilities are not equally distributed between siblings, the principle of equality in the family system can be upheld in the firm.

> H5c: Successfully balancing the conflicting aspects of equality and inequality among non-active and active siblings leads to a sibling team that functions well.

In line with Kleve (2019) and Wimmer (2007), the interplay of both systems is increasingly important for the longevity of family firms. Thus, managing to

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balance the two systems – family and business – can be considered the most critical duty of a co-leading sibling team. Family dynamics and business leadership are two fields of tension that need to be managed and shaped. Ultimately, siblings who manage to balance those two systems are more successful than others.

8.1.2 Research Question 2

What are the essentials to building and maintaining a promising successor sibling team?

The underlying results show that dimensions such as a solid education, qualifications and commitment to entering the firm are crucial for successful team building. In line with former research by Farrington, Venter & Boshoff (2012), who found that physical resources, skills diversity and strategic leaderships are important to the success of the sibling team, this study shows that the diversification in educational experiences, skills, abilities and competencies are especially beneficial to the development of the team, and ultimately for the success of the team and the business. The second-entered sibling needs to show different and complementary qualifications and attributes when forming a team of siblings. In addition, successful sibling teams follow different leadership styles, which are mostly derived from their differences in personalities, competences as well as the tasks and responsibilities. Thus, complementing each other in their leadership styles is seen as an advantage to the team and the firm. The perception and awareness of diversity as a resource in their teamwork needs to be acknowledged by all co-leading siblings.

> H6a: Diversity in qualifications, competencies, personalities and leadership styles strengthen their teamwork and, seeing those as a resource, are positive indications a successful team.

In addition, the complexity of companies in today's market needs a specific distribution of leadership tasks among several qualified TMT members. Thus, where once a family business was person-oriented (i. e. tailoring the business to one single patriarchal leader) today a more task-oriented culture, in which siblings align their main focus and future tasks on the needs of the company, is evident. Focussing on the needs of the firm, combined with the abilities and talents of the siblings, a fully functioning team can be built. In line with Handler (1991), the underlying study shows that separate areas of responsibilities, tasks and job differentiation of co-leading siblings are essential for a team to function well. In contrast to the study of Farrington et al. (2012), this study shows that job

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description clarity is beneficial for the development of the team and eventually to the success of the team, as it gives each sibling the freedom for self-development and creativity in their area. As mentioned before, tasks and positions occupied by them should correlate with their skills, abilities, experiences as well as personalities, to ultimately add value to the firm and the co-leading team.

> H6b: A focussed task distribution between siblings, formed by the combination of the needs of the business and the abilities of the siblings, is required for a fully functioning sibling team.

The entry strategies of successors differ, depending on the current situation; however, it becomes increasingly clear that teams of siblings that verbally address potential co-leadership early on seem to have a better start to the co-leadership construct than siblings who unintentionally formed a co-leadership construct. When a potential co-leadership construct of siblings was discussed before they entered the business and, especially when the discussion took place without the involvement of the senior generation, a better start to the leadership team is seen. Some cases strategically planned the co-leadership construct and prepared for active decision making for the firm, as well as for the co-leadership construct, set conflict managing rules and formulated guidelines in family governance. Hence, consciously forming a co-leadership team, including reflecting on their actions, setting standards and actively engaging in the formation of a team, is beneficial for the co-leadership team. The active relationship management and formation of the team, as well as the continuous redevelopment of the team, is beneficial for a functioning team of siblings.

> H7a: An early, active and conscious formation of the team is beneficial for developing a team and functioning as a team.

> H7b: Continuous and active redevelopment of a co-leadership team is essential for a functioning team of siblings.

In line with Farrington et al. (2011) and Cater & Justis (2010), the underlying results show that profound conflict and communication management is beneficial for the success of co-leading sibling teams. Results show that, depending on the characteristics and dynamics of the family in general, conflict management is approached differently. Some firms prefer to sweep it under the carpet, as *bulb producer* indicated that: *"[…] you don't want to start a big argument about something like that because you know that much more is at stake than just that one thing"*, and others prefer facing confrontation. The benefits of a post-patriarchal leadership constellation are to make use of their bundled resources that involve different viewpoints and options. When a TMT avoids confrontation, the resources of each manager are not used efficiently and therefore the full potential of the TMT is not optimally utilised. Consequently, open conflict management is

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beneficial for the co-leading team and for the success of the business in the long run. In addition, communication between co-leading siblings is increasingly vital for teamwork as misunderstandings often occur due to the absence of communication structures. The underlying sample shows that teams that managed conflicts by fostering open communication and allowed space for differences of opinions are more successful than siblings who consciously avoid disagreements.

H8a: Strong communication and conflict management of co-leading siblings are beneficial for a functioning teamwork.

H8b: The absence of communication and conflict management leads to misunderstandings and tensions between co-leading siblings.

8.1.3 Research Question 3

To what extent does the succession process influence the success and the longevity of a co-leading sibling team?

By the end of the 1990s, Craig E. Aronoff & Astrachan (1997) and Nelton (1996) emphasised the difficulty of transferring a family business from one incumbent to several siblings. They referred to the challenge of governing and manage a family business as a team in general. Thus, moving from a person-oriented to a task-oriented business of two or more siblings comes with challenges such as entering the business with the necessary qualifications and abilities, dividing tasks from one incumbent to two or more successor siblings, and sharing the responsibility and power. The underlying results show that the succession process itself has a significant impact on the longevity of the co-leading sibling team. There are several factors that positively and negatively influence the succession process and, in the long run, the success of the co-leading team.

As already mentioned in Research Question 1, the active and conscious decision for or against a co-leadership construct of both siblings is of great importance for the longevity of the team. It is crucial that they cooperate and function as a team. Thus, part of the team formation process is mutually taking the decision for the firm and co-leadership construct, and is increasingly important for collaboration during the succession process and afterwards. While Cater & Kidwell (2014) and Cater et al. (2016) indicated that incumbents chose which child is allowed to succeed and what positions they hold in the successor team, the underlying study shows that the first-entered sibling more often chooses his or her counterpart in the co-leadership construct. In contrast to the results of Cater et al. (2016), research shows that the first-enterer decides on a co-leadership construct when asking or allowing his or her sibling to enter the

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business, and the second- or third-entered sibling makes a conscious decision when accepting the offer. Thus, regardless of what triggers the co-leadership construct, it is noticeable that the later-entering sibling always consciously decides on a co-leadership construct in contrast to the first-entered siblings. Thereby it became visible that when the decision for a co-leadership construct of both siblings was taken, the succession process was less open to conflicts between siblings, as well as between siblings and the incumbents. Furthermore, whenever both siblings jointly decided on the co-leadership construct, they appeared united and, when needed, jointly opposed conflicts with their incumbent.

> H9: The active and conscious decision making of both siblings positively influences the ability to cooperate, and significantly fewer conflicts occur during the succession process.

It became noticeable that the majority of succession processes of two or more siblings showed a different life cycle and did not take place at the same time. Siblings did not simultaneously enter the business; instead, they joined the family business one after another. The succession processes different and therefore a clear succession process management for each succession should take place. Thereby it became visible that the entering order thus has a significant influence on the co-leadership construct in a long run. Each of successors begins in a different situation, lifecycle of the business and different requirements. The first-entered sibling chooses his or her field of expertise and, at the same time, sets the requirements for the following siblings to complement through their abilities, qualifications and capabilities. Thus, a first-mover advantage of the first enterer becomes visible as he sets the cornerstone for the following co-leadership construct. While the first-enterer chooses his/her fields of responsibilities, the second and following entering sibling need to adapt and fill the gaps. The complementation of two or more siblings in their capabilities, skills and education is considered as the basis for a functioning team and hence whenever the second or later to enter sibling adapt to the existing construct, the succession process is less susceptible for conflicts and disputes during the succession process.

> H10: The second-to-enter sibling needs to adapt to the requirements of the co-leadership construct and the firm when joining the firm.

As mentioned by Aronoff et al. (2011), incumbents play an important role in the succession process and whether the team will be successful or not in the long run. In line with Farrington et al. (2010), the underlying study shows that whenever parental involvement was slight, the succession process and the team building of two or more siblings was more successful. In addition, as already mentioned by Pyromalis & Vozikis (2009) and Cater & Justis (2010), the willingness of the incumbent to step aside and to hand over responsibility to the successors early on

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is very important in the succession process. Thus, handing over responsibility early on in the succession process gives the incumbent time to evaluate the competencies of the successors and for the successors to prove themselves. At the same time, the willingness and the capability to take over the responsibility is at least as important than being able and willing to hand over the liability.

Conflicts and disputes among successors and incumbents, as well as between siblings, occurred more often whenever the incumbent refused to hand over responsibility. The longer the incumbent is unable to hand over the lead of the business, the harder the succession process, as successors may lose the motivation and the commitment to take over the business. In contrast, when successors gained a leadership position with staff responsibility, their self-esteem and the relationship between siblings improved. In contrast to the succession model by Cater & Kidwell (2014), the underlying study shows that when incumbents hand over leadership responsibility and support a co-leadership construct at an early stage, the active team-building process of the future co-leading siblings began shortly after they entered the firm (i.e. stage 2) and not, as proposed by Cater & Kidwell (2014), when the incumbent exits. Thus, the earlier the senior transfers leadership of the family business, the better both siblings can focus on their responsibility in the business and the earlier both siblings can start to work as a team.

> H11: The ability of the incumbent to hand over responsibility and actively support both siblings early on has a significant impact on the success of the succession process and for the development of a sibling team.

Furthermore, an active succession planning by the concerning individuals such as incumbent and successors is important for a smooth process. Especially a managed and led conflict management that includes defined expectations from all parties and the resulting rules lead to less conflict and more team-oriented attitude towards the co-leading construct during the succession process. Thus, a smooth succession process with defined rules for the teamwork can be considered as another cornerstone for the success of the sibling team.

8.2 Theoretical Contributions and Practical Implications

Stemming from the empirical research findings, this chapter describes the theoretical contributions, practical implications and recommendations for family firms and other interested parties. Although the previous subchapter answers the research questions and the already covered aspects of subsequent practical implications and recommendations for family firms, the following subchapter will

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elaborate on the implications and recommendations in more detail. Therefore, repetition is not unusual.

In the context of the study's theoretical contributions, it can be said that the study mainly contributes new insights into two research fields: (1) *family business succession research*; and (2) *family business leadership research.* Considering that the trend of co-leading sibling teams is increasing (Aronoff, 1998) and the significance of family firms to the wealth of society is appreciated, little is known about co-leadership constructs, and previous research appears to have neglected this aspect. The underlying study thus shows that while transferring the business from one leader to several co-leaders, the interplay of the co-leading siblings as well as between the siblings and the family is neglected in the four-stage team succession model by Cater & Kidwell (2014). It became evident that those mentioned above and, more importantly, the active and conscious decision making among the siblings, play a vital role in the accomplishment of the succession process. Furthermore, the support and motivation of non-active family members should be considered but have been neglected in previous studies. Although the relationship between siblings (i. e. active and non-active), as well as between the successors and the incumbent during the succession process, has been recognised as being important by Pyromalis & Vozikis (2009), it is not discussed in the family business team succession theory.

In terms of the theoretical contribution to the co-leadership theory of family firms, it can be seen that no co-leadership theory in family firms exists. Thus, the biological and emotional connectedness between siblings play an essential role when co-leading the family business as it influences the outcome of the business. In co-leadership theory, the emotions of siblings as well as other family members should be considered when making decisions as they differ from other co-leading teams. The transformation from a person-oriented first generation to a task-oriented second generation sibling partnership demands different governance within the family and the business. Gimeno, Baulenas & Coma-Cros (2010), for example, already explained that the complexity of the firm corresponds with the complexity of the family system. Families and businesses grow at a different pace and need to be managed within a family governance structure and family strategies. Leadership theory is needed for these transformations and to explain changes that occur when transferring a firm from a patriarchal construct to a team of siblings. Although the principal-agent theory is prominent, it is clearly not satisfactory when aiming to explain these changes.

The study's implication for the practical world, thus for the family businesses, is partly answered in the previous section when processing the research questions. In the underlying paragraph, recommendations are briefly discussed. As it is known that transferring the family business to a team of siblings is challenging, several cases revealed that independent consultants supported them during the

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succession process. With their expertise, there was not only a smooth transition process but also a less emotional atmosphere. Their approach in supporting and mentoring incumbents and siblings is a more neutral and professional way to guide them through the process. Recommendations for siblings who are planning on co-leading a family business is diversify regarding qualifications, education and skills needed to enter the business and the co-leadership construct, with added value. Thus, roles and positions should be allocated according to their competencies and qualifications, and with the intention of what is best for the business rather than what is best for the family. Both layers – family and business – should be treated independently to avoid disagreements and emotional conflicts.

In addition, the active and conscious decision making of other siblings, whether active or not active in the business, is also important. Siblings should foster open communication and discussion to decide whether to form a co-leading team or not. Equality in families is essential as almost all cases equally split equity of the firm without considering their status within the firm (i. e. whether someone is active or not). It can be said that the equal treatment family members is important to avoid conflicts within the family and, therefore, for harmony within the family. It is important to mention that whenever equity was distributed unequally, equality was achieved by paying off the others.

Much has been written about family governance, in particular a family codex, as a conflict-avoiding strategy in which family members (i. e. active or non-active) agree on the future of the family business and the family. In the underlying cases, the majority installed one of these and considered it as an essential tool for their co-leadership construct. Furthermore, the majority recommend installing a neutral institution in the form of one or more non-family executives in the TMT or an advisory board that balances the tensions between the co-leading and co-owning siblings. An advisory board and non-family executives, installed as protection against conflicts between siblings, are highly appreciated.

8.3 Suggestions for Further Research

Given the challenges that co-leading siblings face, it is evident that only a small proportion of co-leading siblings successfully take over and co-lead the family business. Hence, a broad understanding is urgently required to prevent current and future co-leading siblings from failing, and therefore to maintain the wealth and economic stability in all countries. Several research directions for further research are thus feasible.

A further research suggestion relates to the different forms of sibling construct, which for this study was limited to blood-related co-leading siblings. As

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the meaning of the definition *'family'* is constantly changing, a future research project could, for instance, extend the study by analysing the co-leadership dynamics of step- or adopted sibling co-leading teams. A comparison between the aforementioned and blood-related siblings could be made. Furthermore, adding research locations could be interesting when considering that the underlying study is limited to the German-speaking D-A-CH region. As mentioned before, this limitation was chosen due to translation and comparability issues. Thus, cultural and language differences could be avoided by studying German-speaking countries. Future research could, for instance, carry out the study in other countries in Europe or worldwide and compare it with the D-A-CH region. Possible cultural differences of business families, as well as family businesses and how siblings co-lead the business, may be found.

As already mentioned, the underlying study shows that co-leading constructs are predominantly male-based. Future studies could also expand the research by comparing only women, only men and mixed constructs to find gender-related differences in a co-leadership construct, and identify which construct is more successful. In terms of non-active siblings, it could be extremely interesting to see how siblings influence each other to enter the business and form a co-leadership construct with other siblings. The non-active siblings' retrospective narrative could be of great interest to further deepening the knowledge of the influencing family factors for a co-leading sibling team. Further studies could also analyse differences in the succession process from a sibling team construct to a cousin consortium. How does the succession process from patriarch to a team of siblings differ from the succession process from a team of siblings to a team of cousins? In other words, what differences are present in terms of their level of trust and closeness, and their communication and conflict resolution methods? Considering the developmental model by Gersick et al. (1997), one can question whether the following construct is always a cousin consortium or whether it could be a more mixed non-family and family leadership team, or even a sole non-family TMT.

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ISBN Print: 9783847113331 – ISBN E-Lib: 9783737013338

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Die WIFU-Schriftenreihe

Herausgegeben von Tom A. Rüsen, Heiko Kleve und Arist von Schlippe

Seit Mitte 2009 gibt das Wittener Institut für Familienunternehmen (WIFU) eine eigene Schriftenreihe zum Thema Familienunternehmen heraus. Seitdem sind insgesamt 28 umfassende, aber dennoch praxisnahe Bücher erschienen.
Das WIFU beschäftigt sich seit mehr als 20 Jahren mit diesem Thema und hat hierzu bereits zahllose Bücher und Zeitschriftenbeiträge herausgegeben. Da diese Unternehmensform ebenso spannend wie komplex ist, nimmt der Umfang der hierzu herausgegebenen Veröffentlichungen immer mehr zu. Die Schriftenreihe soll es ermöglichen, einzelne Themenkomplexe in dem erforderlichen und angemessenen Umfang zu veröffentlichen.
Das Wittener Institut für Familienunternehmen (WIFU) der Fakultät für Wirtschaft und Gesellschaft/ Department für Management und Unternehmertum der Universität Witten/Herdecke ist in Deutschland der Pionier und Wegweiser akademischer Forschung und Lehre zu den Besonderheiten von Familienunternehmen. Drei Forschungs- und Lehrbereiche – Betriebswirtschaftslehre, Psychologie/Soziologie und Rechtswissenschaften – bilden das wissenschaftliche Spiegelbild der Gestalt von Familienunternehmen. Dadurch hat sich das WIFU eine einzigartige Expertise im Bereich Familienunternehmen erarbeitet. Seit 2004 ermöglichen die Institutsträger, ein exklusiver Kreis von 75 Familienunternehmen, dass das WIFU auf Augenhöhe als Institut *von* Familienunternehmen *für* Familienunternehmen agieren kann. Mit derzeit 20 Professoren leistet das WIFU einen signifikanten Beitrag zur generationenübergreifenden Zukunftsfähigkeit von Familienunternehmen.
Das Leiten und Führen von Familienunternehmen stellt eine komplexe und mitunter auch paradoxe Herausforderung dar. Das Studienangebot der Universität Witten/Herdecke leistet hier wichtige Unterstützung: Im Bachelor- und Masterstudiengang »Management« kann der Schwerpunkt »Unternehmertum« gewählt werden. Der besondere Fokus liegt dabei auf dem operativen und strategischen Management von Familienunternehmen. So ist es dem WIFU möglich, seine Expertise an potenzielle Nachfolger, Fach- und Führungskräfte sowie Berater in Familienunternehmen weiterzugeben. Außerdem organisiert das WIFU in Zusammenarbeit mit dem Zentrum für Fort- und Weiterbildung der Universität Witten/Herdecke regelmäßig Workshops und Seminare für Gesellschafter, Nachfolger und Mitglieder aus Familienunternehmen.

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