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**FACTORS AFFECTING THE PERFORMANCE OF
SMALL AND MEDIUM-SIZED FAMILY BUSINESS IN
THE WINE SECTOR**

FAKTORY OVLIVŇUJÍCÍ VÝKONNOST MALÝCH A STŘEDNÍCH RODINNÝCH PODNIKŮ VE
VINAŘSKÉM SEKTORU

DOCTORAL THESIS

DIZERTAČNÍ PRÁCE

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Statement of original authorship

I, the undersigned, solemnly declare that this dissertation thesis work is the result of my own independent research and was written solely by me using the literature and resources listed in the references.

Brno, 08.02.2019

.....

Anastasia Murínová

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Abstract

The aim of this dissertation is to identify the nature and define the current situation of family business functioning, determine the main relationships between competitive tactics and performance of family firms in the Czech context. Therefore, at first, it was necessary to define the definition of family business and its features applying the secondary research. Next, it was needed to determine the competitive tactics as factors that may influence the family business performance, as well as to find a way of measuring these competitive tactics and family business performance. Two empirical researches have been conducted: qualitative and quantitative. The result of the qualitative research as a pilot study was the understanding of the current situation and creating of a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research. As a result of the quantitative research, the relationships between the main competitive tactics and family business performance were investigated, moreover, in regard to generational stage of family firms. The open coding was used in the first research. Using the Mann-Whitney U test allowed to determine the significant difference between utilization of competitive tactics by selected family firms with regard to the generational stage. By applying correlation and regression analysis, the research detected the relationships between competitive tactics and family business performance in general and taking into account the generational stage of the selected wine family firms in the Czech Republic.

Keywords: family business, wine family business, competitive tactics, family business performance, generational stage

Abstrakt

Cílem této disertační práce je identifikovat povahu rodinného podniku, definovat současnou situaci jeho fungování a určit hlavní vztahy mezi konkurenční taktikou a výkonem rodinných firem v českém kontextu. Proto bylo nejprve nutné definovat rodinné podnikání a jeho charakteristiky při použití sekundárního výzkumu. Dále bylo zapotřebí určit konkurenční taktiky jako faktory, které mohou ovlivnit výkonnost rodinného podniku, a také najít způsob, jak tyto konkurenční taktiky měřit včetně výkonnosti rodinného podniku. Byly provedeny dva empirické výzkumy: kvalitativní a kvantitativní. Výsledkem kvalitativního výzkumu jako pilotní studie bylo pochopení současné situace a vytvoření koncepčního rámce rodinného podnikání ve vinařském sektoru v České republice s ohledem na výsledky výzkumu z literatury. V rámci kvantitativního výzkumu byly navíc zkoumány vztahy mezi hlavními konkurenčními taktikami a výkonností rodinného podniku, a to také s ohledem na generační fázi rodinných firem. Otevřené kódování bylo použito v prvním výzkumu. Použití testu Mann-Whitney U umožnilo určit významný rozdíl mezi využitím konkurenčních taktik vybranými rodinnými firmami v souvislosti s generační fází. Za pomoci aplikací korelační a regresní analýzy se podařilo zjistit vztahy mezi konkurenčními taktikami a výkonem rodinného podnikání obecně a s ohledem na generační fáze vybraných vinařských rodinných podniků v České republice.

Klíčová slova: rodinné podnikání, vinařské rodinné podnikání, konkurenční taktiky, výkon rodinného podniku, generační fáze

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Abbreviations

USA - United States of America

GDP - Gross domestic product

SME - Small and medium-sized enterprises

SWOT - Strengths, weaknesses, opportunities, and threats

SPSS - Statistical package for the Social Sciences

ANOVA - Analysis of variance

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1 INTRODUCTION

A family business is as old as the human civilization itself. However, the field of academic study of family business is relatively new in comparison with the established fields such as strategic management, finance or organization (Zachary et al., 2011). The development of family business subjects to theoretical and empirical studies of well-known international companies and many universities. Today, there is a large number of special institutions that study this topic and provide support and consultations to family firms. It is important to study and develop the theme of family business because they represent the majority of all registered firms in the world, they form most of the workplaces and contribute to GDP. Besides that, the family business field is still being unexplored and neglected in some countries for years, including in the Czech Republic. The real wealth of any nation consists in a developed sector of small and medium-sized business, as evidenced by the experience of American, Asian and European countries. The family business covers a wide range of companies engaged in various sectors ranging from small to large international companies and amounting to more than 60% of all European business (Mandl, 2008). An interesting fact is that the oldest world companies are those like the Japanese construction family business firm "Kongo Gumi", founded in 578. Other family companies having more than 1,000 years of successful experience in the family business e.g. are: Hoshi Japan (hospitality), Marinelli family in Italy (casting of church bells) or the Gulen de France family (wine-producer). The modern European family business operates in all of business sectors including food production, trading, running of restaurants or hotels, providing construction or financial services (Korab et al., 2008).

The family business plays a very important role in the developed economies. This topic of family business is independently taught in various universities. The issue of family business is also the subject of many investigations, where many research programs are added. It should be also noted that the family business is the theme of worldwide interest. The countries like Spain, Austria, Italy, Germany, Switzerland, Norway or the United Kingdom are the typical ones of the European Union showing a high level of family business. The small and medium-sized family companies do play a very important role in the overseas countries, like the United States or Canada, where the dominant representation is also in the category of up to ten employees (Wilson, 2011). Family firms have historically laid the foundations for business as

such and are still an important part of national economies (Hesková & Vojtko, 2008). Furthermore, in viewing the family business in terms of its share in the total number of all registered firms in the respective national economies, we can see an evident share thereof, namely between 70 and 95% (Owens, 1994). For example, in the European Union, 85% of all registered companies are the family firms and, in the USA, it is even more than 95% (Pistrui et al., 2000).

In the last years, family business research progressed. New theories and investigation appeared in this research field. Foremost family business research concentrates on understanding and interpretation of family business nature and differences from non-family business (Debicki et al., 2009). There are little investigations about different factors' impact on the business performance (Mazzola *et al.*, 2013). Despite a number of studies in the field of family business, there is a gap in the research of family business success or performance and factors influencing that and its practical application. Family business plays an important role in the development of both national and world economy. Because micro and small firms represent the majority of all business entities, including in the Czech Republic (Koráb *et al.*, 2008). Thus, it is possible to conclude that research about family business performance and factors influencing it is needed. It could help to identify the strengths and weaknesses of the family business functioning. Besides, it could reveal tools to strengthen and increase the family business performance.

The topic of this research is important for several reasons:

1. Firstly, there has been limited publication on the topic of competitive tactics that can affect the performance not just in the Czech Republic, but also abroad. Besides that, there are no studies that analyze the relationships between competitive tactics and performance in family business context.
2. Secondly, there has been limited publication on the topic of performance of wine family business and possible factors that may affect it.
3. Thirdly, there are no studies that distinguish the difference between relationships of competitive tactics and family business performance in regard to generational stage of family firms.

This thesis will bring a significant deep understanding about family business, its functioning, the family business performance and factor that may affect it; the features of wine family

firms in the Czech Republic. Specifically, the aim of this thesis is to identify the nature and define the current situation of family business functioning, determine the main relationships between competitive tactics and performance of family firms in the Czech context. This will be measured by a series of research:

- The main aim of the first primary research is to understand the current situation and create a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research.
- The main aim of the second primary research is to investigate the relationship between the main competitive tactics and family business performance.

In the work, two terms are used: family business and family firm. The term family business is used to designate an economic activity that earns money on a continuous basis. The term family firm is used as a separate entity where individuals do their business.

1.1 Focus, aim and tasks of the dissertation thesis

An object of the research is functioning and performance of the family business. A subject of the research is competitive tactics that can influence the family business performance.

The main aim of the dissertation thesis is to identify the nature of family business and define the current situation of family business functioning, determine the main relationships between competitive tactics and performance of the Czech family firms.

The objective is to analyze the relationships between the main competitive tactics and performance of micro and small-sized family firms in the wine sector in the Czech Republic in general and considering generational stage of the firms.

Research result will provide a picture of relationships between family business performance (dependent variable) and the main competitive tactics (independent variables) of micro and small family firms in the Czech wine sector; as well as, the difference in the first and second (and later) generation family firms.

In order to reach the main objective the following tasks are formulated:

- Examine literature according to current state of scientific knowledge in fields as family business, family business performance and its estimation approach. The research of literature (foreign and domestic) should be performed that brings relevant knowledge of the inspected object on the basis of which the results will be practically evaluated. The basic framework of the research should be defined.

- Define the main factors influencing the business performance of micro and small-sized family business from previous studies; find out the nature of competitive tactics that can affect the family business performance.
- Identify and select a suitable type of actors (family firms) in a selected region of the Czech Republic in the wine sector.
- Verify the relevance of suggested competitive tactics on the family business performance by the mean of qualitative research based on individual interviews; define and precise the basic framework of the research.
- Collect primary data by the mean of the questionnaire at personal meetings with business representatives.
- Analyze primary data within the application of statistical methods for the determination of the influencing competitive tactics (independent variables) that affect the family business performance (dependent variable) taking into account the generational stage.
- Make a conclusion basing on the findings, suggest precautions (recommendations) to streamline the functioning of micro and small family firms according to generational stage.

1.2 Research questions and hypotheses

The development of the research question is the most important step in research. Research questions arose from an extensive literature review (problem area, gaps in the literature, interest in untested theory). The research questions present the idea which is examined in the study, while the hypotheses attempt to answer the research questions. Because of the study has the character of systematic research, it requires to map the whole system, its functioning, and its interaction with its surrounding development. For that, it is necessary to describe all its elements and the relationships between them, see Figure 1.

Idea emerges

The essence of family business
Family business performance
Factors that influence that performance



Brainstorming

- What is the perception of family business?
- What is the main features of family business, what is the main strengths and weaknesses?
- How literatures describes a family business performance?
- What the main factors of family business success and high performance?
- Does the strategy of firm influence the business performance?
- How strategies influence the performance and what is the linkers of strategy formulation and its implementation?
- Does the utilization of competitive tactics influence the business performance?
- How to measure the family business performance?
- Is there a difference between diverse generations of family firm? Do they have a different impact of competitive tactics on performance?



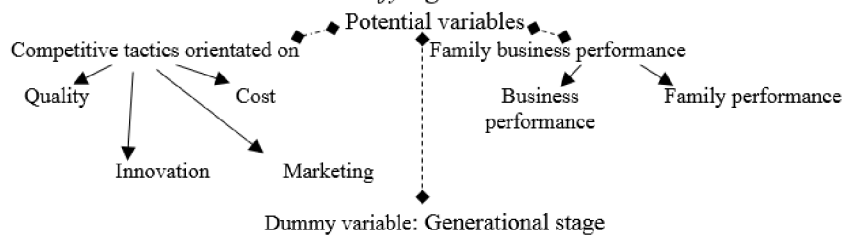
Literature review

The following gaps were mentioned in the literature:

- no precise definition of family business concerted by scientists
- no definition of family business in the Czech legislation
- no statistics about Czech family firms
- which competitive tactic is more appropriate for family firm
- a lack of studies that analyzes the family business performance of micro and small family firms
- there are no studies that analyze the relationship between competitive tactics performance in family business context
- there are no studies that analyze the different impact of competitive tactics on family business performance according to generational stage
- The literature suggests that there is a need to explore the factors that influence the family business performance
- Few of the studies explore the relationship between competitive tactics and performance



Identifying variables



Formulation of the research question and hypotheses

Figure 1 Development of research questions and hypothesis

(Source: Developed for this research)

Thereby, based on studied theoretical bases and defined research problem, there were identified the following research questions and hypotheses derived from them:

Q1. What is the nature of family business performance and competitive tactics?

Q2. Which competitive tactics could affect the family business performance?

Q3. What is the difference of relationship between competitive tactics and family business performance for family firms in the first generational stage and the second (and further) generational stage?

H1. There is a significant positive relationship between Quality-Orientated Competitive Tactic (Quality) and Performance.

H1a. For the second (and subsequent) generation family firms the relationship between Quality-Orientated Competitive Tactic (Quality) and Performance is stronger than for the first generation firms.

H2. There is a significant positive relationship between Cost-Orientated Competitive Tactic (Cost) and Performance.

H2a. For the first generation family firms, the relationship between Cost-Orientated Competitive Tactic (Quality) and Performance is stronger than for the second (and subsequent) generation family firms.

H3. There is a significant positive relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance.

H3a. For the second and later generation family firms the relationship between Innovation-Orientated Competitive Tactic (Innovation) is stronger than for the first generation family firms.

H4. There is a significant positive relationship between Marketing-Orientated Competitive Tactic (Marketing) and Performance.

H4a. For the first generation family firms, the relationship between Marketing-Orientated Competitive Tactic (Marketing) is stronger than for the second and later generation family firms.

H5. Second and later generation family firms have greater performance than first generation family firms.

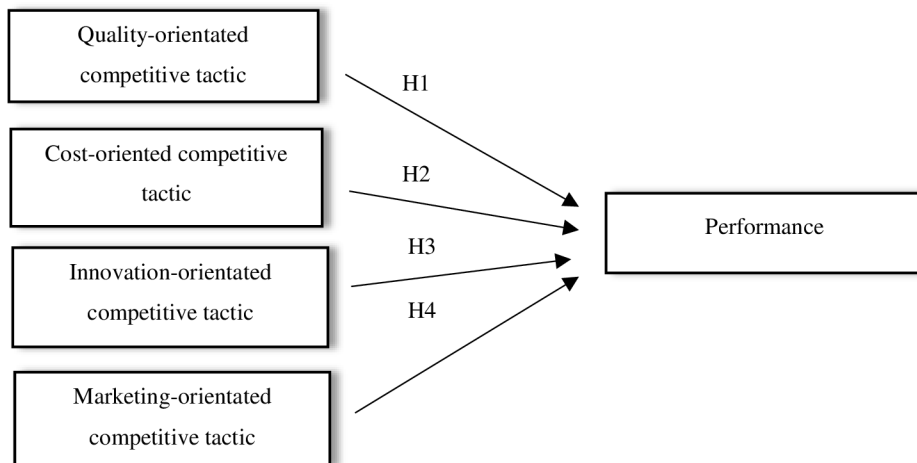


Figure 2 Proposed framework for research question 2

(Source: Developed for this research)

1.3 Research methodology

This part is a brief overview of the methodology. A detailed explanation of the methodology is presented in Chapter 4.1. There is a brief display of the research process (Figure 3).



Figure 3 The research design

(Source Developed for this research)

The first step is the most important step in the research. In this step, the topic is explored and the main aspects relevant to the family business are clarified. Besides that, the link between family business performance and its enhancement is found and the author learns that competitive tactics are linkers between strategy formulation and implementation for the formation of strong competitive advantages (Castillio-Apraiz & Matey, 2015). Giving interest to the relationship it was found in the literature that competitive strategies have a positive connection to business performance. Following this relationship, the author suggests examining the relationship between competitive tactics and performance in regard to generational stage of family firms. The research begins with a question: “What is the nature of family business performance and competitive tactics connecting to this?” In order to answer this question, the analysis of the literature was conducted. After the research questions are “What competitive tactics could affect the family business performance? What is the difference of relationships between competitive tactics and family business performance for family firms in the first generational stage and second (and further) generational stage?” In order to answer these questions, basing on the literature review the hypotheses were established. Next, the author prepared and conducted the empirical research. The first empirical research was a qualitative research in form of pilot study. This survey was focused on the understanding of the current situation and creation of the conceptual framework of the family business in the wine sector in the Czech Republic. Besides that, the pilot study allowed to confirm the existence and utilization of competitive tactics, which could influence the performance of micro and small family businesses in the wine sector. For the data entry and data processing the Atlas.ti software was used based on open coding. Based on these and literature findings the questionnaire was prepared. After that, all the data were processed and analyzed. The second empirical study was a quantitative research. This research allowed to define the strength of relationships between family business performance and competitive tactics for micro and small wine family firms. Moreover, the difference between these relationships between the first and the second (and further) generations was defined. For the data entry and data processing the Statistical package for the Social Sciences (SPSS) was used.”

1.4 Organization of the thesis

In section “Theoretical foundation” the theoretical framework is presented, the development of the family business definition and features of this kind of business are also described. Moreover, the overview of a wine family business in general including the actual position in the Czech Republic is demonstrated. Next, performance, competitive tactics as a possible factor that can influence performance, and their possible relationships are described. The generational stage of family business is concerned as a factor that can impact on the difference in implementation of competitive tactics by family firms.

The section “Qualitative research” describes the pilot study the purpose of which is understand the current situation and create a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research.

The section “Quantitative research” presents the testing of hypothesis about the relationships between performance and competitive tactics, including the difference of relationships between complete tactics and performance for the first and second (and later) generation family firms will be determined.

In the last sections, results of empirical studies are discussed and the main recommendations are provided. The contribution and limitations of dissertation thesis are penetrated.

2 DETERMINING THE STATE OF SCIENTIFIC KNOWLEDGE IN THE FAMILY BUSINESS

This chapter describes the state of scientific knowledge in the field of family business research in general, and in particular in the field of micro and small family businesses in the wine sector.

2.1 Development of family business definition with help of the historical analysis

2.1.1 Family business definition

It is worth noting that development of the family business theory and the theoretical researches devoted to definitions of family business are gaining a momentum. However, there are some key tendencies. For example, the results which were received in development of family business theoretical definition are significant. Besides that, the theoretical researches shed some light on how the family business can differ from the non-family one. Thereby, the following questions are considered now: why the family business exists, what factors do it more or less successful in survival, growth, and creation of long-term economic values. The definition of research object is the fundamental requirement for an advance in any area. Besides that, as it was previously noted, the theoretical definition of the family business has to begin with a question, what the family business is.

The special literature shows that no unified definition exists for “family business” which is exclusively applied to all areas. This fact suggests that the debate on this topic is not exhausted. If we look at this problem from the perspective point of view, we will find two systems in the family business layering at each other: the system of family and the one of a firm, see the “Model of two circles”, Figure 4 (Mandl, 2008). An integral part of those worlds are the objectives, priorities, and expectations of their own. The family world is characterized by a strong emotional aspect; the corporate world requires rationality and results.

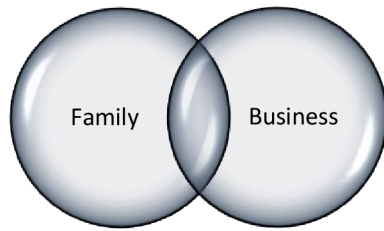


Figure 4 The Two-Circle Model of Family Business

(Source: Mandl, 2008)

Families are the cornerstones of human communities (Hodgets & Kuratko, 1992). They are of different sizes, but they often have rigid internal relations as a common feature. It is known that family business is a traditional method of business in the private sector. The goal of family firms is not to get rich as fast as possible, but rather to build something that will last and provide sustenance not only to the present generation but also to those of future.

Basing on theoretical framework applied by scholars to describe and discuss the features of family business, the most frequently applied theories are following: a resource-based view of the firm (RBV), principal-agent theory (PAT), and stewardship theory (ST) (Eddleston et al., 2008). The resource-based view (Barney, 1991) assumes that family firms possess a unique package of resources related to the interaction of family and business (Habbershon & Williams, 1999; Eddleston et al., 2008; Eddleston & Morgan, 2014). The principal-agent theory and stewardship theory both discuss the consequences of the unification of ownership and control in family firms and their implications towards TMT behavior (Davis et al., 1997; Siebels & Knyphausen-Aufses, 2012).

Before starting to analyze different definitions, it is significant to state why having a generally accepted definition within the family business academia is primary for future extension of that field (Hanuska, 2014). Most of the definitions were created to suit of certain research. Heck and Trent (1999) maintain the argument of having a widely acknowledged definition by stating that *“a proper definition and count of family businesses is important to future research and current policy, practice, service, and education. Promoting definitional consensus among researchers may increase the likelihood of theory development, in-depth empirical analyses, comparative studies, and replication.”* (Heck & Trent, 1999) Furthermore, distinction in definitions obstructs comparison of international investigations of a family business. Using a common definition would, therefore, allow making clearer and comparable statistics of this entity, especially in case of its contribution to the economy

(Mandl, 2008). Vallone (2013) is of the same opinion that an elaboration a generally accepted definition would “*circumscribe the field of investigation, and obtain a comparable sample for international researches; to individualize the presence and the specific characteristics of the family business in comparison to nonfamily business; in addition, it means to be able to compare more easily the empirical studies.*” (Vallone, 2013) For full understanding the development of family business study and that definition, it was decided to overlook historical tape of that field development.

2.1.2 Main principles of family business definition by Vallone

One of the most interesting study belongs to Vallone, C., who published his literature review paper in 2013. He made a conclusion that in the family business discussion are three key principals: the degree of ownership, the intention to the succession, and the involvement of the family members in the business (Vallone, 2013). He understands ownership as “*the percentage of capital possessed by the family (by shares or quota) or the dominant influence represented by the family members’ ability to affect the remarkable and strategic choices.*” (Vallone, 2013) According to that expression determining the family business, a family must have full control or must be the most influential unit in making strategic decisions. Concerning the expectation of transferring the firm to the next generations (succession), Vallone (2013) states that “*family business should concern only the companies managed by a family where the second generation is present or where there is a precise wish to transfer the business and family culture and the management to heirs, so that it is possible to exclude occasional business initiatives managed by two brothers, or by an individual with the aid of the partner.*” (Vallone 2013) He claims that because there are many examples, where husband and wife manage the business but not intend to transfer the business to the next generation. There are many explanations, therefore, for instance, they have no children or, none of their children wants to keep on the business like the parents. In this way, in spite of full ownership of the firm, the “familiarity” thereof is slack due to the absence of intention to transfer the firm and business culture to the next generation (Hanuska, 2014). Another most essential element of family business, according to Vallone (2013), is the involvement of the family members in a business. This element occurs as a decisive aspect in differentiation between the family business and non-family one, especially in case of small business. So, the author proposes to include this element as an attribute of the family business, because most of the family firms

are small firms, where founder works in a continuous way with the relatives (Hanuska, 2014). Nevertheless, Vallone (2013) in his work makes a conclusion that constant involvement of family members or their relatives in the business is not crucial, because it can lead to a limiting effect - elimination of some big companies which are hired not only by/to the non-family members but also have external employees.

2.1.3 Historical definition of the family business

For understanding the historical tendencies of comprehension of the family business, it was decided to follow the main historical investigations in that area and evaluate results with help of Vallone's three key principals, which relate one of the most catchall determination of family business.

If we look through the history, that it is an interesting fact that family business is one of the favorite subjects of business historians and nowadays, it represents one of the promising subfields of the business history (Colli & Rose, 2008). The family business started to attract business historians during the 1990s (Jones and Rose, 1993; Rose, 1995). According to A. Colli, there can be described as some "reactions" against the dominant Chandlerian approach interpreting the persistence of family capitalism as a dominant form of ownership and management in large, capital-intensive firms of the Second Industrial Revolution as a signal of inefficiency and backwardness (Colli, 2011). As she notes, the recent ascent on family companies and family capitalism does not mean that business historians noted it as unworthy of attention. In business research before the 1990s, there was a lot of research about family business at both the "micro" level, i.e. about the dynamics internal to family firms and, the "macro" one, i.e. the research regarding the relationships between family firms and the more general environment, as well as respective national economies (Colli, 2011). Donnelley (1964) was likely the first to define the family business. His definition included one or more of the following conditions: (1) existence of family relationships as a key factor in succession; (2) presence of family member on board of directors; (3) reflection of family values in business; (4) actions of family member reflected on reputation of business; (5) presence of relatives involved and who felt obligated to hold stock for more than financial reasons; (7) entering the firm being a part of family member's career decisions. Donnelley's definition reflected early consulting observations of the family business but it was difficult in meaning,

empirically complicated to implement and so, it was not utilized in subsequent research studies (Zachary et al., 2011).

A lot of definitions were created in that period of time, but they did not explain how the family business differs from non-family one. An example of definition, where the authors do not differentiate between the family business and non-family one was created by Beckhard and Dayer (1983). They define the family business as a system that includes the family, the business, the founder, and such linking organizations as a board of directors (Chua et al., 1999).

Classical family systems of theory (Bowen, 1985) developed from clinical work with actual families, but that theory did not include any specific recognition that owning and operation business might change the family life (Zachary et al., 2011). An importance in the family business research belongs to Rosenblatt et al. (1985). That qualitative research of family business explored both systems: family and entrepreneurial ones and included an overlap between those systems, tensions, role carryovers, compensation, and management of the business, working with relatives, and succession and inheritance (Zachary et al., 2011).

The most cited definitions of family business during the twenty and twenty-first century are listed in Appendix 1 and evaluated with help of Vallone's three key principals of determination of family business: the degree of ownership (designated by code A), the intention to the succession (designated by code B), and the involvement of the family members in the business (designated by code C) (Vallone, 2013). For uncertain principal of determination, the code D is used. For detailed observation of main family business definitions of twenty and twenty-first century see Appendix 1.

Family business researchers are confronted with a definitional dilemma similar to those facing entrepreneurial researchers (Lansberg et al., 1988). Some researchers argue that at least one of family members should be active in the management/or ownership of the firm, others think that there should be at least two active members of a family. Still, others require the family business with family members of different generations active in the business (Brockhause, 1994). Some scholars see the family as the owner of at least 51 % of the stock while others suppose the family has to have an influence on decision making in business.

It could be said that clear definition of family business will not be set up soon and agreed by most scientists because of wide difference of definition options. Despite that, Appendix 1

shows that the most generally used attribute in the studied definitions during the twenty century is the criterion of ownership equaling to 58 percent. The authors of many studies support it because most of scholars state that ownership is the main tool in legalization and keeping the power to influence a firm. The number of definition criteria occurrences in absolute as well as relative terms. Please note that the sum of percentages exceeds 100 percent due to the fact that most definitions use multiple criteria. Involvement of the family members in the business is the second most used criteria, respectively 51 percent of them. Intention to the succession is in 15 percent of the identified definitions as less used criteria of the family business (Appendix 1). Thereby, it can be seen that criteria for family business describing “intention to the succession”, unfortunately, is not taken into account in many definitions, because that criteria could help to distinguish small family business from not-family.

2.1.4 Outcomes solutions according to the family business definition

In last years, it could be seen that such a huge diversity of family business definition leads to problems in practice (Koráb et al., 2008). It is not only about comparativeness of researches' results, dealing with “family business” (under this concept, many different types of business can be seen), but particularly also about comparativeness of statistic data about the family business. Because of that, at the end of the previous century, scholars tried to make an order in that chaotic situation. First of those were Astrachan and Shanker, who recommended, based on their research, to use three definitions of the family business, that vary by the level of involvement of families in business (Astrachan et al., 2002). Despite the fact, that the attempt seemed to be auspicious, in practice, it completely did not take hold. As it was confirmed, the majority of family business definition is based on ownership criterion, slightly less are related to the involvement of the family members in the business. These definitions specifically enable to research also the small and micro-family-owned firms in the Czech Republic, playing the role of natural persons and cooperating with family members. Nevertheless, it is needful to investigate the type of family relationships in this case. On the base of the assessed definitions owing to the family-owned firms, the following definition applied to the Czech suburbs may be appointed: *„A family-owned firm is that one owned and possibly controlled by family or families or by a selected family member(s), besides that, there is reason to believe that in the future the current generation will transfer its right to ownership and management of the firm to the next generation.“* (Petlina, 2016)

The Civil Code of the Czech Republic (Janku & Marek, 2016) describes the family business as an enterprise, where the spouses work together or their relatives (up to the third degree) work with at least one of the spouses; and this enterprise is owned by one of these persons (Janku & Marek, 2016). Those of them who are constantly working for the family or family business are viewed as family members involved in the family business operation (Tagiuri and Davis, 1992). The term “family” is not precisely defined within the Civil Code of the Czech Republic. However, a family is constituted by marriage. Author has defined the family as „a group of persons mutually associated not only by matrimony or relational bonds but also by a common lifestyle”.

There is no apparent definition for the family in the legislation of the Czech Republic. The basic feature of a family definition is the matrimony. Thus, we designed a family as "a grouping that is connected with each other not only by marriage but also a generic mode of life". According to Jan Spacil, from Ambruz & Dark Deloitte Legal, the family business in the Czech Republic should include three basic forms: business companies, entrepreneurship, and family farms (Kropík, 2016). According to Kropík (2016), the key parameters that this type of business should fulfill are 1) the ownership of the family in business activities and 2) the share of family members in managerial decision-making. Authors Hnilica & Machek (2015) attempted to create the database of family firms in the Czech Republic based on the algorithm of match of surnames in a database. That database is the first of kind in the Czech Republic but it this is not appropriate for our case of family wine firms, where one of the dominant group of family ties is “Spouses” (more details are described below), because the algorithm cannot detect companies where husband and wife have different last names. The Association of Small and Medium-Sized Enterprises and Tradesmen of the Czech Republic (AMSE) (succeed a discussion with the business, public and academic sphere followed by other EU countries and, in cooperation with the law firm) provides a definition for the domestic environment (Brenova, 2015):

- The family business is a family company or family entrepreneurship or a family farm.
- A family business is an absolute majority of the sum of the cash and non-cash contributions of the company's share capital and at least one of the members of the family is a member of the statutory body or statutory body of the family business.

- A family entrepreneurship is a business activity where at least two members of the family share their work or property, and at least one family member is the holder of a trade certificate.
- A family farm is a farmed production where at least two members of the family are involved in their work and/or property and at least one of the family members is the holder of the relevant certificate.
- Thereby, family members are relatives in direct line or siblings or spouses. A family member in a family business may be a person from the age of 15 (Brenova, 2015).

Then, before the main primary research, it is needful to explore the type of family relationships in the firm that pretends to be a family firm. For this task and further deep investigations, research results can be used from previous research (Murinova, 2018). The results of that study demonstrate the following four dominant types of family ties that are typical for wine family firms in the Czech Republic: 1. Father + son. 2. Spouses. 3. Parents +Son. 4. Brothers. That study was focused on the family wine firms in the Czech Republic, particularly in the South Moravia, the research sample was 108 family wine firms.

The family business has a fairly short tradition in the modern history of the Czech Republic. For relieve to understand the essence of the family wine business in the Czech Republic, it is needful to define the current position and distinguish its strengths and weaknesses.

2.2 Features of family business

This section presents the main features of family business including the strengths and weaknesses.

2.2.1 Difficulties faced by family business

If we want to detect the difficulties faced by the family business, first of all, it is necessary to understand the essence of the whole problem. First, it is worth to analyze the main characteristics of this type of business and their mutual influence on each other. The family business is very complex, it can be seen from the perspective of family, property, management, and firm. All these perspectives are inherent in themselves, and they are the subject to time dynamics. Since cycles are not necessarily performed synchronously in individual dimensions, a large number of combinations of individual perspectives is generated. Therefore, family firms must be understood as multi-dimensional systems. Each family business represents a unique combination of individual dynamically developing

dimensions that can be viewed in isolation and also in combination with other dimensions. The family business faces many pitfalls, which are usually caused by two different systems of the family business, namely the family and firm system (Koráb et al., 2008). These two systems are connected tightly with each other. Each system is founded on a different basis and has own goals, priorities, and expectations. Each of those different systems is based on a varied foundation. The integral parts of those systems are their own objectives, priorities and expectations. The family system is characterized by an emotional perspective, inward orientation, and stability. Its task is to encourage, develop self-esteem and educate children. On the contrary, the features of the firm system include a specific aspect, outward orientation, and frequent changes. Its goal is to generate profits and develop skills. Thus, if two different systems are connected in this way, it is clear that a conflict zone occurs. The problem phenomenon of the two-circle model appears in the double role of the owner: businessman and a family member (Odehnalová, 2014). This scheme of two systems can be further extended and complemented by the ownership system (Núñez-Cacho Utrilla et al., 2013). This scheme shows the interdependence between three systems: family, ownership and management, which is called the "Model of three circles" (Tagiuri & Davis, 1992). The strengths and weaknesses of the Czech family business are not much different from those of family business in the Western economies (Tagiuri & Davis, 1992).

In order to clarify family business issues, it is necessary to define the pros and cons, which is an integral part of the family business. Some of family business attributes can serve to overcome various pitfalls and obstacles associated with a business. But at the same time, we should not lose sight of those attributes that complicate business activities. Every firm has its own strengths and weaknesses. Strengths are represented by what the business does better than others, while weaknesses are opposite (Souček, 2015).

2.2.1.1 Strengths of the family business

The strengths of the family business, which may increase the competitiveness, follow from its own essence (Pistrui et al., 2000; Koráb, 2012). The general strengths of the family business are:

a) A mutual agreement between the individuals sharing common interests arising among family members working in the family business on one hand and interests of owners on the other.

- b) The commitment leading to the fact that all family members striving to achieve a mutual benefit are ready to submit themselves to the given demands under the certain personal sacrifices. A family considers the business as its "own" creation.
- c) The flexibility regarding the work, time and money: a family firm can devote all its time that is necessary for a successful firm development.
- d) The long-term plans allowing to reduce the risks and making it easier to cope with unforeseen circumstances. Family business firms tend to the planning of long-term visions.
- e) The stable corporate culture: the corporate culture of the family business is still compared with other non-family companies. Managers are holding the office for a relatively long time being intrinsically involved in the business success. This also applies to non-family managers.
- f) The speed in decision-making: certain powers of family members are clearly defined. This is a typical feature for family business considered as a great advantage.
- g) The pride and confidence: a strong foundation and commitment of family members within the family business are evident in the relationship to clients.
- h) The efficiency: the family business is able to effectively and successfully utilize the resources being at its disposal (Brenova, 2015; Taguiri & Davis, 1996; Koráb, Kalouda, Salgueiro, & Sánchez-Apellaniz García., 1998).

2.2.1.2 Weaknesses of family businesses

There is a tight link between the phenomenon of weaknesses and strengths of the family business. The weaknesses of the family business are as follows:

- a) The strong ties within a family: a decision-making within the family business is usually fast, but the family ties make the family business more conservative in relation to the risks (Hodgetts & Kuratko, 1992).
- b) The reluctance to external sources of financing: a strong responsibility to the family can be the reason for reluctance to external financial sources. Consequently, the family business firms use to have a motto: "I will buy only under the supposition of earning." This can be compared with mistrust in return on equity in non-family business companies;
- c) The necessity of high-quality communication channels functioning between the family and family business: it can be claimed that one of the keys to succession will be a communication between the firm and family.

d) The high potential for conflicts: various conflicts may occur within the family business, such as those between generations or founder(s) and successor(s), interfamily conflicts, those between siblings, family and employees, family and managers, no family employees, conflicts connected with professionalization of the family business, conflicts between non-family manager and family employees.

e) The reduced ability to respond to global opportunities: family business firms belong to the category of lower-sized (local) firms rather than to the global ones (Kets de Vries, 1996; Levinson, 1971; Fock *et al.*; 1998).

2.2.2 SWOT analysis of family business

On the basis of previous research, there was compiled a final SWOT analysis identifying the strengths and weaknesses of wine family business firms including various internal factors and opportunities as well as threats based on external factors (Neuber *et al.*, 1998). Those analyses resulted below showing the strengths and weaknesses together with opportunities and threats in comparison with non-family business firms (Petlina & Koráb, 2015).

The results of this research suggest that the family business in the Czech Republic as an economic phenomenon is healthy, economically stable and in the phase of growth (Petlina & Koráb, 2015). The family business has a number of strengths and there are many opportunities providing a potential for further growth. The great asset of the family business is the team of long-term-employed family members with knowledge and experience in the given field and the efforts to keep family traditions of high-quality production or service. That results find echoes in other scientific works about the family wine business (Dyer & Whetten, 2006; Stážovská *et al.*, 2008). According to literature and obtained research results, one of the general distinguishing feature of small and medium-sized family firms is long-term planning. Many studies confirm that (Dyer, 2003; Lumpkin, Brigham & Moss, 2010; Zellweger, 2007). These results were also detected in the AMSP's 32nd survey with the title "Situation of Family Business in CZ" in 2015 (Brenova, 2015; Situation of family business, 2014). It was revealed that 62% of family firms in that research in the SME segment put an emphasis on long-term planning. There is a logical interpretation for this, nevertheless, it does not match to general information about the SME segment. For instance, most firms in the SME segment put emphasis on short-term and medium-term planning (Breckova, 2016).

The family firms have constantly centered on customers' needs. It is reflected in the flexibility in work, time and money of family members as employees. Although this is manifested in the pride and certainty in the own business and its commodity that was confirmed in the research of Brenova (2015). The family firms in the wine sector are effectively using resources at the own disposal. This feature is especially evident in times when it is necessary to resist economic shocks or some crises. That was confirmed by other authors (Benacek & Michalikova, 2012; Arregle et al., 2007; Tagiury & Davis, 1996). The family business in the wine sector has the feature as typical lore for own activities. According to the authors' observation, usually, there are family secrets about the cultivation of grapes and processing technology that family keeps and transfer from generation to generation. This is the subject of the family pride and the pushing force for the further maintenance and development of the family wine business. The similar results were revealed in the research of Woodfield and Husted (2017). They underline the benefits of knowledge sharing between generations. Besides that, the authors propose that families need "an overt awareness of both obverse knowledge sharing (senior to next generation) and reverse knowledge sharing (next to senior generation)". For that purpose, families might engage with governing knowledge sharing (Woodfield & Husted, 2017; Foss, 2007; Foss et al., 2010).

Besides that, the next feature of the wine family business is recognition and confidence in the family business products by local customers (Petlina & Koráb, 2015). The study results of Gabzdylova, Raffensperger & Castka (2009) on the New Zealand wine industry assumed that one of the greatest indicators for the sustainable environment is satisfaction with the profession. The study that conducted by Murinova (2017) respondents emphasized that they are contented with their professional field and add that one of their success factors is the availability of vineyards in prestigious location.

The weaknesses of the family business can be divided into internal and external parts. Internal pressures emanate from the very nature of these institutions (Frank *et al.*, 2011). The major internal pressures are divided into the emotional and managing parts. The course thereof is "engagement" of the family in the business system. The emotional problems can paralyze all the fields of business spoiling the interpenetration between the family / firm systems. Conflicts in the family business can arise because of strong family ties, also sometimes because of the lack of choice of an heir to business (Petlina, 2015). García et al., (2014) states based on their

research results that the further reasons of conflicts are the processes of a delegation of responsibilities based on family closeness. All this requires the establishment of well-qualified communication channels among the family members and their business. These conflicts can also be explained by the laborious nature of the family business (Levinson, 1971; Fock et al., 1998). There are several possibilities to eliminate the emotional conflicts mentioned above.

Communication plays a key role here. Leach (2008) reports that in most family firms there is no proper communication. A “helping hand” in solving communication problems is provided by an independent mediator who mediates communication between the parties. Generally speaking, similar problems have a negative effect on the firm's competitiveness. Problems of a corporate character represent the second group of internal weaknesses of family businesses. The interaction between family and business means that everything that has been written about emotional problems is the source of corporate pressures. These problems can be found at all stages of the management process, i.e. planning, organization, management, and control. A strategic planning in family firms is more comprehensive than in non-family firms, and therefore even more complicated. A strategic plan must respect both business and family systems. As Souček (2010) says, excellent leaders can predict the future, but the geniuses create the future. He also mentions that the greatest successes in business are based and will always be based on a correct assessment of future events. Business partners determine their aims and how they want to achieve them. They create own goals, which they try to transfer into the real world. Unfortunately, strategic planning is often underestimated in the family firms and can be the reason for the high failure (Souček, 2010). This issue also includes generational exchange, the process of rewarding family members, reinvesting profits (Koráb et al., 2008). Therefore, it is possible to assume that Czech family firms have already reached the point where they need to decide whether to maintain for the future generation or sell the business.

Generational exchanges are considered to be one of the most difficult times for family business, where unsuccessful surrendering and the disappearance of the family business can happen (Puklová, 2016; Rydvalová et al., 2015). The authors Hnátek and Hnátková (2014) affirm in their research that family firms and the running replacement of business generations in the Czech Republic is an actual issue, and there are insufficient attention and support from

the state institutions. Among the significant pitfalls of family business, Poza and Daugherty (2014) also rank succession planning. There are many mistakes that the business owner should try to avoid. This is, for example, a procrastination in planning the transfer of firm and ignoring the possibility of a potential owner's death (Poza & Daugherty, 2014). According to Johnson et al. (2018), the main purpose of succession planning should be that customers do not notice a change in management. For example, unless there is no straight and smooth transition to the next generation, product quality will deteriorate, which may then weaken the entire business (Johnson et al., 2018).

Thus, the family wine business has certain weaknesses, but it has no direct influence on them, but at times a family firm can control these processes indirectly. The majority of family business owners tend to be unaware of what public opinion is showing in their activities, despite the fact that these firms represent the real pillars of a productive economy (Koráb et al., 2008). Such weaknesses do negatively affect the competitive position in the business market. Family wine firms have a low competitive ability in comparison with corporations: the majority of family wine firms in the Czech Republic is micro and small-sized firms (Murínová, 2017). Thereby, they can not afford many competitive tools as, for example, "price wars", powerful advertising campaigns etc. (Koráb et al., 2008). Furthermore, many studies show that it is typical for SMEs, especially as regards their experience with supported investments and training of qualified personnel (Breckova, 2016; Havlíček et al., 2013). The growth is the further invocation for family wine firms (Friedman et al., 1991).

Summing up, we can agree with Sorenson (1999) and other scholars (Breckova, 2016; Havlíček, 2013; Moini et al., 2010) that qualitative tuition, consulting and research in this area can help overcome in general these obstacles and increase the competitiveness. One of the main today's tasks is to help preserve and develop family traditions associated with wine production because this is one of the oldest national economic activities in the Czech Republic that is currently undergoing an important development moment.

2.2.3 The role of family business in the economy

The family business plays a very important role in developed economies. The topic of family business is independently taught in various universities. Also, the issue of family business is a subject of many investigations, where many research programs are added. It also should be noted that family business is very much widespread around the world. Spain, Austria, Italy,

Germany, Switzerland, Norway and the United Kingdom are the typical countries of the European Union with a high level of family business. Small and medium-sized family business companies play a very important role in the overseas countries, like the United States or Canada, where the dominant representation is also in the category of up to ten employees (Wilson, 2011). Furthermore, in viewing the family business in terms of its share in the total number of all registered firms in the respective national economies, we can see an evident share thereof, namely between 70 and 95% (Owens, 1994). For example, in the European Union, 85% of all registered companies are the family firms and, in the USA, it is even more than 95% (Pistrui et al., 2000). These facts might convince even the biggest skeptics who do not believe that family business could be considered as a driving force of the global economy. More about the percentage of family business in the total number of registered firms and the GDP formation in different countries, see Table 1.

Table 1 Family Business and its share in the number of registered companies in different countries

Country	Shares in the number of registered companies (%)	GDP Shares (%)
Australia	75	50
Belgium	70	55
Brazil	90	65
Finland	80	>40
France	>60	>60
India	Data not available	65
Italy	>95	Data not available
Germany	60	55
Netherlands	74	54
Poland	50-80	35
Portugal	70	60
Spain	75	65
Sweden	>80	Data not available
Switzerland	85	Data not available
Great Britain	75	Data not available
USA	>95	40
Middle East countries	>95	Data not available

(Source Neuber et al., 1998)

2.2.4 Development of family business in the Czech Republic

Unfortunately, the Czech Republic has started to pay a little attention to family business only since 1989. This is to the detriment of many causes because family business has played an important role in both the interwar period and today. Unfortunately, the period of 1948/1989 has severed many generic lineages. The small and medium-sized family business firms were almost erased from the economic environment and, with only save for minor exceptions, the

today's family companies are those of the first generation, i.e. the generation of founders. The family business firms are dominating in the category of today's Small and Medium-sized Enterprises (SMEs) (Koráb et al., 2008).

It is estimated that the SME sector shares with 98.8 % of the total volume of all firms in the Czech Republic (Small and Medium-Sized Enterprises, 2016; Koráb et al., 2008). Table 2 shows category sizes represented as a family business.

Table 2 Distribution of Family Business within the Individual Categories in the Czech Republic

Categories of firm sizes	Representation of family business
Micro-firms up to 10 employees	70 - 80%
Small-firms from 11 to 50 employees	30 - 40%
Medium-sized firms 51 to 250 employees	20 - 30%
Big firms >250	up to 11%

(Source Koráb *et al.*, 2008)

It can be seen that the representation of family business is declining in different categories with the increasing size of the firms. This situation somewhat disagrees with the estimate of the European Commission saying that: 80 / 95% of all business entities of the Czech Republic can be classified as family firms (Mandl, 2008). The European Commission's estimates are too optimistic when disregarding the distribution of business entities in the individual categories and mostly silencing about the definition of family business. At the present time, we can find various types of family business in the Czech Republic as they are listed in the table below. The Czech business environment shows the majority of new small and medium-sized firms established after 1989 (Table 3).

Table 3 Types of Family Businesses in the Czech Republic
The history of a family business

	<i>Long-Time</i>	<i>Short-Time</i>
Size of a family business	<i>Small</i> Smaller restituted business-firms – smaller trades and crafts	New, small and medium-sized firms established after 1989
	<i>Large</i> Large, respectively medium-sized business firms of the First Republic	New large firms founded/occurred after 1989

(Source Koráb *et al.*, 2008)

The research No. 26 by the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic has brought relatively positive values regarding the actual situation within the Czech family SMEs in comparison with non-family business firms (Situation of family business, 2014). This reflects in less than 50% of the expected increase in revenues; one-tenth of the Czech family SMEs expects a decline in revenues (Situation of family business, 2014). Many companies thereby incline to paying a major attention to increase in efficiency and personal development. Two-thirds of the Czech family SMEs perceive the firm functioning on the family base and on benefits. The decline in revenues can be explained by a different opinion of the future two generations. Despite this, two-thirds of Czech family SMEs plan to pass on the baton to the next generation. A half of them has already started that process, nevertheless, it should be taken into account that such a process can take a long time within a family firm (Situation of family business, 2014).

2.2.5 Prospects for development of family business in the Czech Republic

In accordance with a statement by the European Economic and Social Committee 2015, the family business in Europe was defined as a resource of future growth and better working places (European Economic and Social Committee, 2015). The family business has better ability to survive various difficult periods of recession and stagnation and it is also able to withstand and to operate for a long time, because, in contrast to others, the family business is based on the sense of responsibility for a good name of a business.

If there is a necessity to specifically support and monitor Czech family business performance and contribution to the Czech economy, it will be clear in the Czech legal order. Today Czech law knows only the legal institute of the family plant institute enshrined in the new Civil Code, which is not sufficient for this purpose (Korab et al, 2008). It is not easy to say how large a percentage of GDP is made up of the family business in the Czech Republic. The Association of Small and Medium Enterprises of the Czech Republic, however, estimates that it is up to 30% (Brenova, 2015).

Family firms in the Czech Republic still play a significant role, despite the lack of attention. It can be said that family business firms are not so much visible in the mass media now, but they are driving motors of many national economies, including the Czech Republic. What future they have today? It is assumed that the position of the family business will remain at least the same in future. Even in the Czech Republic, we can expect a further significant

strengthening of family business firms position in the market and we believe in alignment with other market economies within the next ten or fifteen years. On the other hand, it should be noted that this forecast assumes an ability of the family business firms to cope with many competitive pressures, globalization and the coming wave of intergenerational transmission. In order to improve the situation, it is necessary that the state, state authorities and scientists, as well as the general public or entrepreneurs, become interested in this issue. Family firms can also be assisted by family associations, for example, an association whose task is, *inter alia*, to exchange experiences. Undoubtedly, the independent development and education of the family business is an integral part of the overall development process (Petrů & Havlíček, 2016; Sorenson, 1999). Moini et al. (2010) claimed in their research that the creation of an effective government program that educates owners of family firms will provide opportunities for further growth including exports. A necessary step is to make the family business more professional with a high-quality implementation of strategic management and finding of the right balance between the tradition and innovation (Román et al., 2017; Sorenson, 1999; Leach, 1994).

2.2.6 Family business in the wine sector

Like some other studies on the subject (e.g. Dyer & Hatch, 2006; Håkansson & Ford, 2002), this study focuses on a single. This decision enhances internal validity, possibly at the expense of external validity industry. Then, this study will focus on the wine sector based on the following reasons.

One of the interesting area is viticulture and a wine making. Because that is one of the oldest process, which has long reach history around the world. Many scholars try to investigate, how it is still probable for a micro and small wine firms to craft and growth sector in a successful industry (Jones, 2011), (Rozbroj, 2014). Usually, wine and gastronomy are ranked as exemplary bearers of the cultural identity of a region (López-Guzmán et al., 2011). The great tradition of different countries in grape cultivation and wine production (Kamsu-Foguem & Flammang, 2014) has resulted in becoming the world's largest wine producers and thereby tourism destinations (Gómez & Silva, 2016; Lombardi et al., 2016). The vast majority of founders-winemakers across the world were small independent producers including in the central Europe, they had experienced a lot of economic, political and social posers (Bruwer, 2010), (Terblanche, 2008). These comprise modification worldwide production and

consumption patterns, severe competition, notably from New World producers and rising control (Thomas, Painbény, & Barton, 2013). Presently winemakers are divided into different groups according to business size, production, wine regions and etc.

Czech wine industry is now part of the industry which is rapidly developing and gaining momentum (Murinova, 2017). It is particular part to the Czech wine industry given the significance of viticulture and winemaking for the agricultural economy of the Czech Republic, illustrated by 17,600 hectares of vineyards within the country with 18,500 registered grape growers (Rozbroj, 2014). However, research on family business in the wine sector is practically non-existent (Soler et al., 2017), especially with regard to the Czech Republic. It can be surprising, as most wine firms are family owned. There is a potential advantage of the Czech Republic in the world market based on the natural and climatic conditions in this country ensure originality and exclusive taste of domestic wines (Šperková and Hejmalová, 2012). Therefore, for scientific and national purposes, there is a need to study this topic. According to that context, this study will contribute to the research of wine business too.

2.3 Outcomes of the literature review

The main result of the literature review is that the issue of family business is widespread and actual in the developed market economies. We confirmed the relevance of family business issues and the identification of the main strengths and weaknesses of the family business' example in the wine sector in the Czech Republic. Independently, the issue of family business is taught at many universities and includes many targeted research programs. Based on the literature and statistics it is possible to affirm the family business is a keystone of most national economies all over the world, inclusively the Czech Republic (Hnilica & Machek, 2015; Strazovska & Jancikova, 2016; Stevanovic, 2014; Maret, 2012; Patel et al., 2012). The family firms are considered to be historically the oldest and most widespread way of farming and all existence in the countryside in the Czech Republic, built on the principle of full responsibility of the farmer and his family.

During the scientific investigation of the family business essence, it was detected, that huge diversity of family business definition leads to problems in practice. Particularly there is a problem with the comparativeness of statistic data about the family business. After analyzing the historical development of study and definition of family business, it was noted that

majority of family business definitions were created based on ownership criteria, on the second place is family members' involvement in the business. The criteria of intention to the succession are used very little, that does not let to investigate also the micro and small family-owned firms in the Czech Republic, that represents a substantial part of all business operating in the country (Petlina, 2016; Situation of family business, 2014). According to that situation, the definition of the family business was created, which should describe well representative family firms in the Czech Republic. One thing should be noted regarding the created definition, which will be used in further qualitative and quantitative research of family business in the Czech Republic using primary data. Although, for facilitation, the identification of a family business with help of criteria of intention to the succession, family ties of representatives will be examined.

As for Czech family firms, they are paying less attention than in the Western world. Family firms are more stable there, more resilient to economic fluctuations, and more responsive to their employees. However, according to former Secretary of Ministry of Industry and Trade in the Czech Republic Mr. Mládek, the family firms are the real motor of the Czech economy (Small and Medium Business Development Report and its Support Report in 2015, 2016). They offer a deeper relationship to business, tradition, and continuity of development. They are the stable and extremely important segment that deserves our support in the legislative area, for example by dictating the definition of a family business so that they can also target specific support programs. The AMSE has therefore launched a nationwide initiative aimed at clearly defining what a family business is in the Czech legal order. Ministers also support the creation of the law. Ultimately, this should mainly allow specific support for family businesses from both national and European sources.

Additionally, research on family businesses in the wine sector is practically non-existent (Soler et al., 2017). Several scholars have analyzed certain aspects of the family wine business in different countries (Gallucci et al., 2015; Pavel, 2013; Woodfield & Husted, 2017) including in the Czech Republic (Koráb & Murinova, 2018; Šperková and Skýpalová, 2012; Petru & Havlíček, 2016; Odehnalová, 2014; Stážovská et al., 2008). Nevertheless, one of the most interesting conclusions of the literature review is a suggestion that the family business growth in wine sector is primarily conditioned by family reasons rather than business reasons (Lombardo, et al., 2008).

For the better understanding of the family business phenomenon, it was necessary to dismantle the strengths and weaknesses and then to make assumptions about the future development of this business type. For that purpose, the SWOT analysis was used for Czech wine family firms (Petlina & Koráb, 2015; Murinova & Korab, 2018). Thus, the study of weaknesses and the strengths can help in the further development of family business research and enhance its competitiveness. In short, the strengths facilitate certain situations in the family business at the time when being forced to respond to problems (Hanzelková, 2004). The weaknesses of the family business, however, represent the problems to be removed. The main strengths of family business are defined as mutual agreement between the family members; commitment; flexibility in work, time and money; the long-term working plan; stable business culture; the speed of decision-making; pride and confidence; effectiveness the higher motivation of family members as workers; product quality and long-term intention and planning (Murinova & Korab, 2017; Petlina & Koráb, 2015; Brenova, 2015; Sorenson, 1999). Generally, the advantages of Czech family firms are the high workload of the founders. Based on experts' estimation, it is actual also for selected Czech wine firms. One of the main features of selected family wine firms is the team of long working-arranged family members with deep ideas and experience in a certain field. That results were detected in other studies about family wine business in other countries (Soler et al., 2017; Pavel, 2013). Moreover, the desire to preserve the family traditions of production and service at a high level is one generic feature of family wine firms in the Czech Republic (Stážovská et al., 2008).

It was also found out that the main weaknesses of the family business are the strong family ties. Besides, the weaknesses are caused by the following reasons: the need of high-quality communication channels among the family and family business; reluctance to external sources of financing; the high potential for conflicts; the reduced ability to respond to global challenges (Levinson, 1971).

Thus, to solve those problems and potential threats, it is purposeful to make the micro and small-sized family firms more professional by means of high quality education for family members and the potential heirs of business; a quality implementation of strategic management and finding of the right balance between the tradition of family business and innovation as a necessity for further growth and competitiveness. In some developed countries, there are special centers for consultations and training for the representatives of the

family business. Moreover, the investigations in this field will contribute to the family business for providing constructive analyses of issues, obstacles and possible solutions. Therefore, it is a real fact that the family business is no phenomenon of the present time. Some authors consider the family business as a future motor of the Czech Republic (Koráb et al., 2008), therefore it is necessary to support this business type and amend legislation (Machek & Pokorný, 2016). It is significant for a family business to come to the forefront of the state interest. Moreover, the wine sector was presented as a bright example of family business representative. Besides that, the gap in the research of family business in the wine sector (Soler et al., 2017), especially regarding the Czech Republic.

Summing up, a family business is widespread in different areas of production and service (Gallo, 2004) in the world. This form of business is recognized as a unique and distinct opposed to non-family business due to the joint impact of the business and the family (Zahra & Sharma, 2004). As mentioned before, interest in family business research has increased in the past years and the emergence of new issues, theories, and publications points to completed studies and gives a general sense of the field's progress (Zahra & Sharma, 2004). Hereby, despite the significance of a theoretical contribution of this review to the knowledge of strengths and weaknesses of family firms, the value of this section stems from the fact no previous research attention has been focused on the real features of family-owned wine firms in the Czech Republic. Thereby, this work will establish a starting point for further study within this important sector for the Czech Republic.

As the discipline of family business reaches maturity, scholars formalize concepts about family business and factors that influence family firms. Generally, the initial focus on family business research is to understand and interpret the essence and the differences of the family business from non-family businesses (Debicki *et al.*, 2009) and the process, how these options affect business performance (Mazzola *et al.*, 2013). However, there is a necessity for further research on family business performance in this context because previous studies have used indicators that do not fully cover the specific features of the family business (Hienerth & Kessler, 2006). Many factors could be responsible for explaining family business performance. Therefore, there is a need for further research in this direction.

3 DETERMINING THE STATE OF SCIENTIFIC KNOWLEDGE IN THE PERFORMANCE OF FAMILY BUSINESS AND COMPETITIVE TACTICS

This chapter describes the main findings in the literature according to family business performance and competitive tactics, the essence and possible measuring of that. The generation stage as a possible factor that can influence on different utilization of competitive tactics by family firms is described.

3.1 The essence of family business performance

It is necessary to identify the factors that could affect the family business performance. More so, understand what business performance means and how it can be measured. Anterior literature research concludes that a business' performance can be determined, estimated, and measured in different ways (Haber & Reichel, 2005; Soriano & Castrogiovanni, 2012). Performance is repeating theme in many directions of business and management, including family business. It is of interest to both academic researchers and practices. Besides that, the significance of the research about firm performance is widely recognized (e.g., Campbell, 1977; Neely 2002; Neely et al, 1995; Soriano& Castrogiovanni, 2012; Gerba & Viswanadham, 2016). Despite this, processing of performance in research settings is still one of the most contradictory issues of today scholars (Taticchi, et al., 2010). Experts in accounting, economics, human resource management, marketing, operational management, family business, psychology, and sociology are all exploring that subject. According to Neely (2002), one of the major problems with this area is that they are all investigating independently. That means investigators are discussing their ideas in a narrow circle of similar investigators, which leads to massive duplication of effort. The author assumes the necessity to develop as an academic discipline, then it will acquire some boundaries and theoretical fundamental agreements.

Business performance indicators can be as follows: achievement of aims and means/resources; business size in terms of revenue and number of staff; sales and market share growth; organizational structure flexibility; profitability; customer satisfaction; success and survival (Yazdanfar, Abbasian & Hellgren, 2014; Haber & Reichel, 2005; Soriano et al., 2012). Two indicators in this connection are profitability (Murphy et al., 1996) and

productivity (Maroto & Rubalcaba, 2008). Profitability focuses on the measurement of the financial performance of firms. Productivity is a measure of the produced per unit input (labor hours, hectares of land, etc.). The rate of productivity growth is also an important indicator of the economic viability of a firm or industry. In spite of various theoretical approaches to performance, it can be measured objectively (i.e. by financial data) as subjectively (i.e. more wide and flexible for a multi-industry comparison as sale and market share growth) (Haber & Reichel, 2005; Yazdanfar et al., 2014). Therewith, performance can be measured both for the short and long-term in all circumstances (Yazdanfar et al., 2014).

Generally, performance can be defined as the firm's ability to create acceptable outcomes and actions (Wood, 2006; Chittithaworn et al., 2011). According to Nelly et al. (1995), performance measurement can be described as "a process of quantifying the efficiency and effectiveness of action". They divide performance measurement into several categories: quality, time, flexibility and costs. Gerba and Viswanadham (2016) claim that performance, success and growth of the firm are assumed to be synonyms due to the fact that this phenomenon would be measured using similar indicators, such as survival, profit; return on investment; sales growth, number of employed; happiness; reputation, and so on (Gerba & Viswanadham, 2016). Performance can be measured using different tools depending upon objectives that business follows. Gerba and Viswanadham recommend to use hybrid measures (financial and non-financial measures) of performance to incorporate its multi-dimensional aspect and to overcome pitfalls of single performance measures (Gerba & Viswanadham, 2016).

Academics consider non-financial measures as important because "*they both reflect and affect financial value, and they effectively help to link management actions and an organization's financial results*" (Ghosh & Wu, 2008). Moreover, a survey by Ernst & Young (1997) indicates that non-financial measures reflect and affect the financial value. Academics have mentioned many advantages of using non-financial measures, such as reflecting and affecting the financial value of the companies, helping to link actions with financial results and focusing on long-term organizational strategies. Thereby, there are several advantages of non-financial measures that have to be taken into consideration:

- easy to quantify and understand;

- direct attention to the physical processes, and hence help managers identify the precise problem areas that need improvement;
- provide immediate short-run feedback on whether quality improvement efforts are succeeding;
- useful indicators of long-run future performance;
- managers can get a glimpse of the businesses progress well before a financial verdict is pronounced;
- employees can receive better information on the specific actions needed to achieve strategic objectives;
- investors can have a better sense of the company's overall performance (Uyar, 2010).

Performance is no longer understood only in a narrow physical-technical or financial way. A wider, multi-dimensional range of causes, aspects and consequences of business performance and its measurement were recognized (Neely, 2002). The interest of this topic continually increasing, the different ways of its measurement appear.

3.2 Overview of the family business performance measuring

The field of strategic management is mainly interested in measuring of differences in firm performance and determination strategies associated with these performance changes (Hoskission et al., 1999). Venkatraman and Ramanujam (1986) assumed that business performance measurement is used in three fields. The first one said that the business performance measurement is used in theory development. The second one said that scholars measure the business performance to empirically test strategy theories through their impact on performance outputs. Third, practitioners assess the effectiveness of decisions, considering the performance results. So there are three areas of application of business performance measurement: theory development, empirical testing, and practitioner evaluation of decision effectiveness.

The “business performance” view, which is taken in this work and reflects the partial overlook of family business performance, is a subject of the overall concept of organizational effectiveness (Goodman, 1975). In the investigation of business performance approaches, Venkatraman and Ramanujam (1986) proposed three business performance domains.

Figure 5 shows a simple scheme for describing the scope of business performance from the perspective of the concept scope.

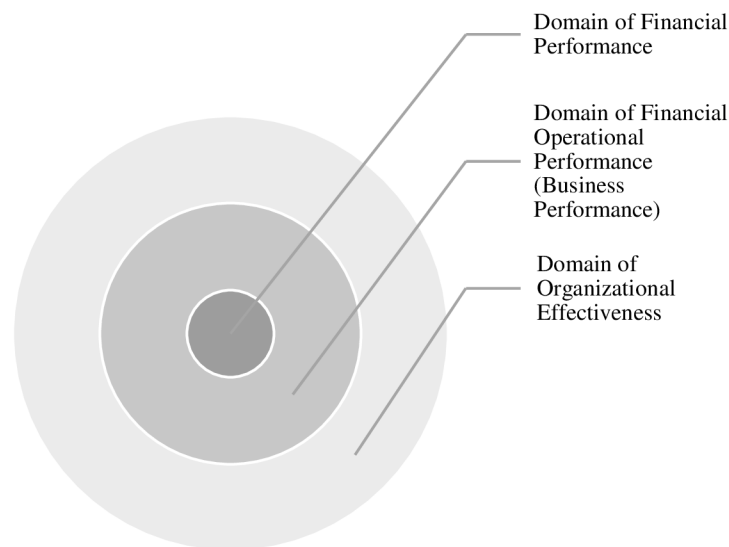


Figure 5 Three business performance domains

(Source: Venkatraman & Ramanujam, 1986)

The narrowest concept of business performance is the use of simple financial indicators based on the outcome, which are supposed to reflect the execution of the firm's economic goals. There is a financial performance approach, which examines such indicators as profitability (reflected by ratios such as return on investment, return on sale, and return on equity), sales growth, earnings per share and etc.

The second domain is business performance, which focuses on the factors that drive financial performance. This domain encloses the following measures: market share, new product introduction, product quality, manufacturing value, and other measures of technological efficiency within the domain of business performance. However, this approach stays very much financial in its orientation and supposes the dominance and legitimacy of financial goals in a firm's system of goals (Venkatraman & Ramanujam, 1986). According to Venkatraman & Ramanujam (1986), there can appear a conflict between financial performance domain and business performance domain. For instance, investments needed to improve quality or service (the business performance domain) may hamper short-term profitability (the financial performance domain) (Williams, R., 2015). For example, the touristic agency thinking about an expansion in staff to provide faster service would bring upon oneself the instant cost of

complementary personnel; while amplified revenue as the gain of providing quicker serves, it would be afterward. Thereby, the short-term profitability may be hampered.

The third domain is the organizational effectiveness performance, which is the broadest of the three domains that is proposed by Venkatraman and Ramanujam (1986). This domain combines elements from two previous domains but includes the effect of business activities on different stakeholders. For example, a firm that applies a global outsourcing strategy can evaluate the organizational effectiveness (performance) of the strategy with help of measuring employee productivity and commitment, also measuring the associated costs and savings, and measuring the time required to provide customers with products (Elmuti & Kathawala, 2000). Thereby, the firm's measures would count the impact of strategy on the firm's owners, the firm's employees, and the firm's customers (Williams, R., 2015).

The balanced scorecard approach takes into account financial metrics, non-financial measures, internal and external stakeholders (Williams, R., 2015). There is a good analogy of combination of all three business performance domain: baking of a cake. The ingredients are analogies for investment in resources. The oven temperature, the mixing ingredients, and baking time represent the financial performance domain (these processes impact the gain obtained from the investment in ingredients). The satisfaction of eating and cook the cake (together with the cost of the ingredients, oven temperature, and cooking time) are similar for organizational effectiveness domain. That means that this domain combines ingredient costs, the processes impacting the gain from the investment in ingredients, and various stakeholders (customers and cook) (Williams, R., 2015). Thereby, organizational effectiveness is considered with the complete system (Merriam-Webster, 2013).

One of the tasks of this study is to choose family business performance scale that covers all goals of family business (financial goals, non-financial goals, business goals, and family goals) in the holistic process, measuring the complete system of family business goals. Therefore, it is necessary to determine the features of family business performance. After this overview of performance measuring, the next section provides briefly particular qualities of family business performance.

3.2.1 Peculiarities in measuring family business performance

There are two considerable challenges when researchers are measuring family business performance. The first one refers to the problem associated with a collection and interpreting

financial data from private firms. Since the task of this research is to measure performance in private family firms, this obstacle is relevant to the research. The second challenge of measuring family business performance is the impact of different family business definitions on performance measurement results. This issue was solved in the Chapter 2.1, where that definition was presented and disassembled in details.

The next difficulty in the construct of measures is not in generating enough performance measures, but rather in selecting down to a very small number of centrally significant measures.

There is an essential portion of the economic entities that are private family firms (Astrachan & Shanker, 2003) and, thereby researchers are interested in this field (e.g., Schulze et al., 2003; Stockmans et al., 2013; Westhead & Howorth, 2007; Woods et al., 2012). Nevertheless, financial data from private businesses are usually complicated to obtain and to interpret, goal (Dess & Robinson Jr., 1984; Ling & Kellermanns, 2010; McKenny et al., 2012; Westhead & Howorth, 2006). According to experts, it would be too ambitious goal to obtain precise quantitative data, which would endanger the entire investigation (Dess & Robinson, 1984). Owners of private firms are often indecisive to show financial performance information, they are very sensitive for asking this kind of information (Dess & Robinson Jr., 1984; Ling & Kellermanns, 2010). This issue can be seen in Sciascia & Mazzola's (2008) research of privately held Italian small family firms. They obtained the low response rate (merely 4.1 percent). According to Westhead & Howorth (2006), it may be difficult to compare and interpret financial data from small family firms. The reason is that compensation strategies of private family firms' owners and industry-related factors can obscure financial data provided by private family firms. For instance, such a family firm can report low profits relative to its industry, but there can be inaccurate reporting of owners' compensation, it means the compensation, which could be reported as profits and dividends and not recorded as an expense (Williams, R., 2015). Thus, owners of private firms often work on their profits in the way to reduce their tax burden, investing the expensed paragraph (Williams, R., 2015). It is worth noting that this is a typical problem for private firms with all the profit based on financial indicators, where is corporate income tax or tax on business owner's income. Besides this, the variety in methods of accounting routines in private firms contributes to the difficulties of processing financial information provided by a private firm (Dess & Robinson,

1984; Ling & Kellermanns, 2010), that prompts to minimize reported taxable income (Mazzi, 2011). The interesting research results belong to Willims (2015), where the author discovered that the majority (52 percent) of studies about family business performance focused exclusively on public firms. According to Willims (2015), the possible reason is avoiding the problem rated to getting financial data from private family firms by using published data from public firms.

Based on the mentioned information, this study will not use an objective financial information from family firms as a foundation, instead, subjective data relating to goals will be analyzed. Because the statistically significant correlation was detected by scholars between subjective measures of financial performance and objective financial performance measures (e.g., Dess & Robinson Jr., 1984; Ling & Kellermanns, 2010). Many researchers applied both subjective and objective measures in their research (Hult et al., 2008). Their findings indicate that both are equally valid and reliable measures. Moreover, some authors assume that the results obtained through subjective and objective measures tend to be broadly comparable (see Dess and Robinson, 1984; Geringer and Hebert, 1991; Powell, 1992; Tzafrir, 2005; Singh et al., 2016).

For the further detailed illustration of certain measures of the family business, it is necessary to notice that any kind of performance measures depend on the goals that firms set. Because these goals organize desired results from multiple opportunities, they provide the basis for evaluation of actual results (Simon, 1964). The complexity of family business goals demonstrates the findings of Tagiuri and Davis's (1992) factor analysis. "*Given their relation with outcome performance appraisal, goals regulate behavior and actions by focusing attention on goal-related issues*" (Latham & Locke, 2006). Goals often reflect the wishes of business founders (Andersson, Carlson, & Getz, 2002). As for the family business, there are specific features, because, in addition to the business component, there is a family component that has own goals.

To explain the link between goals and performance in family businesses, scholars applied strategic reference point theory (e.g., Berrone et al., 2012; Chrisman & Patel, 2012; McKenny et al., 2012). This theory suggests that firms choose goals based on the preferred performance results (Mahto et al., 2010). According to the research of Chrisman and Patel (2012), family firms manage to satisfy both financial and non-financial goals. Because families have various

strategic reference points, family firms differ in their mix of financial and non-financial goals, developing various significance to mixed goals, that facilitates to the of family firms' heterogeneity (Mahto et al., 2010; Chrisman & Patel, 2012).

According to Williams (2015), who analyzed many articles in the review of family business goals that were published from 1992 to 2013, there are four categories of family business goals:

- personal goals – goals that originate from the actual leader of the firm and represent the leader's interest (e.g., provide the owner with a challenge, develop a power base for myself);
- family goals – goals directed at the wellbeing of the family (e.g., creating jobs for family members, family harmony, transgenerational value creation);
- business goals – goals directed at refining the business (e.g., profit growth, deliver a high-quality product or service, sales growth);
- community goals – goals that involve stakeholders outside the business (e.g., long-term relationships with suppliers, social responsibility, organizational reputation, philanthropy) (see Figure 6).

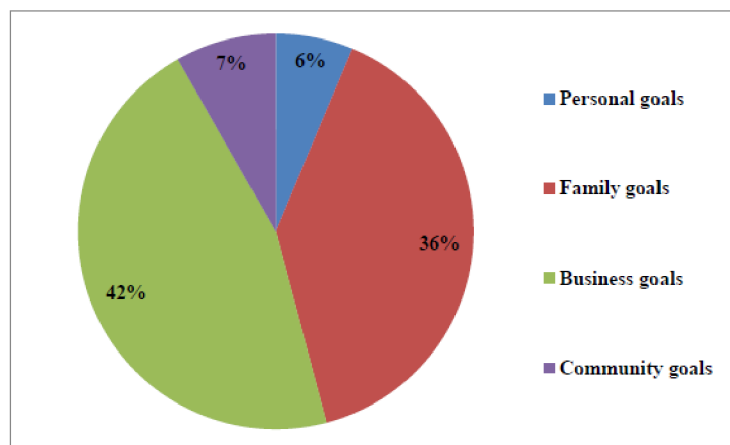


Figure 6 The proportion of goals mentioned in the articles reviewed in the four categories (Source: Williams, 2015)

A family business leader's extrinsic motivation to be involved in the business (Astrachan, 2010) may cause a wealth of that leader and compensational goals. That wealth and income may indicate a leader's personal success to others (Williams, 2015). Opposite, a leader's goals related to compensation can be less self-oriented. For instance, it can be a consideration of the goal to earn enough to support the leader's family (Getz & Carlsen, 2000). Since the leaders of small family firms invest their personal finances to ensure loans, leasing, etc., their personal finances are thus intertwined with business finances (Berger & Udell, 1998). Evidence of the

existence of personal economic goals can be found in the Greenbank's study (2001) of micro business owners-managers, where the author determines that 84.5 percent of that managers cited personal economic goals as general goals.

Thereby, this study implies that non-financial goals of the family business can complement family business financial goals; and, that alignment between family goals and business goals can result in better outcomes for both the family and business.

3.3 The essence of competitive tactics

This chapter will interpret competitive tactics as a factor that can influence a business performance. There is a detailed observation of competitive tactics as linkers between strategy formulation and implementation (Castillio-Apraiz & Matey, 2015). In this section, it is possible to find out, that competitive tactics play a crucial role in the comprehension of firms' sources of performance. This is the instrument that provides a function to competitive strategy, creating the mainstay for the formation of strong competitive advantages. The detailed comprehensive review of this topic can be found below.

In a world of vagueness, firms rely on the success of some competitive actions to secure lasting benefits (Ambe, & Sartorius, 2002). The importance of competitive behavior, such as the concepts of first-mover advantage and competitive initiatives, has been extensively recognized (Chen, 1996). Research in this field points that actions and responses affect firm's performance (Heap & Varoufaks 1995) in the following: the greater the number of competitive steps (that a firm proceeds), the better its performance (Graham 1998).

According to Porter (2011), "*Competition is at the core of the success or failure of firms.*" After many years of dynamic development and well-being, nevertheless, many firms lost their flair of competitive advantage in their struggle for growth and pursuit of diversification. Today more than ever the significance of competitive advantage is considerable. Competitive advantage is hardly a new subject. Many books and articles devote to this topic an impressive research. Competition defines the relevance of a firm's activities that can contribute to its performance. Ambe and Sartorius (2002) confirmed in their study that the increase in the level of competition is associated with improved business performance. In contrast, companies that are unable to respond will not survive (Ambe & Sartorius, 2002). Their study also extends the assumptions of Khandwalla (1972) and Mia and Clarke (1999) by providing empirical evidence of a positive and statistically significant relationship between the intensity of

competition and the performance of business units. Competitive advantage grows basically out of value a firm is able to create for its buyers that exceed the firm's cost of creating it. A value is what buyers are ready to pay, and superior value occurs from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than compensate a higher price (Porter, 2011).

It has been argued by Porter (1980, 1985) that “*the firms' capacity to reach one of the two basic types of competitive advantage, which include the low cost or differentiation competitive advantage, may lead to a high performance in the long run in which arises from the structure of the industry.*” Since the firm's particular objective is to sell its product at a cost above production cost in order to make a profit, the firm can then decide to either differentiate its product from others, so to achieve a superior price or rather engage in the production that is of low cost compared to its competitors (Oghojafor et al., 2014). Choosing the best strategy, according to Porter (1985), all depends on the structure of the industry. An industry that is more competitive will curb the power of a firm in the influencing the product price. Thereby it will lead to a low-cost competitive strategy, while an industry that supports price inflation will be the best for a firm to go with a differentiation competitive strategy.

It is worth to note, that strategy is often defined as a contingency plan of action designed to achieve a particular goal (Casadesus-Masanell & Ricart, 2010). Porter points out: “*Strategy is the creation of a unique and valuable position, involving a different set of activities*” (emphasis added). A strategy is a high-order choice that has profound implications for competitive outcomes (Porter, 1985). Later Porter (2011) notes, that “*Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. It aims to establish a profitable and sustainable position against the forces that define industry competition*” (Porter, 2011). Therefore, there is a central question that emphasize the choice of competitive strategy that will positively impact business performance. In the book “Competitive strategy: techniques for analyzing industries and competitors” Porter reveals an analytical framework for insight industries and competitors, and formulating a common competitive strategy (Porter, 1998). Porter distinguishes three broad generic strategies for achieving competitive advantage. He develops three basic types of competitive strategies for creating a defensible position and outperforming competitors in a given industry (Porter, 1980; Porter, 1985). The first, generic strategy is cost leadership,

that is does not neglect a quality, service, other areas, and differentiation, but underlines low cost comparative to competitors. The second, differentiation strategy demands that the firm create something: product or service, that is accepted industrywide as being unique, hence allowing the firm to disposal higher than average prices. The third strategy is a focus strategy, in which the firm centers on a specific group of customer, geographic markets, or product line segments (Porter, 1980). All three strategy represent three extensive types of strategic groups. Thereby, the choice of strategy “*can be viewed as the choice of which strategic group to compete in*” (Porter et al., 1980). Porter claims that the failure to spread its strategy along at least one of these three categories is “*almost guaranteed low profitability.*”

The relevance of being at an advantageous strategic position through the firms’ activities has not only been suggested by Porter’s (1980, 1985) competitive strategy, but also by Barney (1991) in his Resource-Based View (RBV) theory (Bharadwaj et al., 1993). In this way, development of the firm helps to respond to consumer needs.

Thus, it is possible to make the following summary. Porter (1991) picked out the cost leadership strategy as the vibrant of the three strategies. He emphasizes that the cause of being at an advantage to others is in its ability to reach cost leadership without undermining the basis of differentiation. That assumes that the cost leadership strategy must produce similar products with its competitors, but at the advantage of producing it at a lower cost (Dess and Davis, 1984; Coeurderoy and Durand, 2004; Oghojafor et al., 2014). Otherwise, the differentiation strategy, which claims that “*a firm seeks to be unique to its industry along some dimensions that are widely valued by buyers*”, it is not surprising that elements like brand identification, control of distribution channels, innovation in marketing techniques and advertising are found in the differentiation strategy (Porter, 1985; Dess & Davies, 1984). Hence, firms adopting this strategy must organize themselves in the sense that the strengthening must be more than the cost of the strategy. The focus strategy meantime is divided into two parts, which are the following: cost leadership and differentiation strategy (Oghojafor et al., 2014). These two strategies are different from the ones earlier discussed in the sense that they focus on the contracted market segment. For example, in the case, where the earlier discussed differentiation strategy focuses on the features estimated by many, the differentiation strategy under the focus strategy focuses its attention on the particularized market segments. Same applies with the cost leadership strategy under the focus strategy,

which points to penetrate into a narrow segment of the market at minimal cost (Dess and Davies, 1984). Besides being “stuck in the middle”, the trend is either differentiation or cost management strategies can lead to positive performance outcomes, where a differentiation strategy is described by a strong marketing and/or quality orientation, and a cost leadership strategy by a cost and/or process improvement orientation (Porter, 1980; Oghojafor et al., 2014; Williams, 2015).

According to Thompson et al. (2005), a company’s strategy points the choices its managers have made about how to attract and place customers (value), how to respond to changing conditions and compete successfully and grow the business (rareness), how to manage each functional piece of the business and develop needed capability and achieve performance target (inimitability). In the study of Sani et.al. (2014) researchers claim that without competitive advantage a firm risks being beaten by competitors, hence the firm needs to set strategy for putting them apart from competitors, it will contribute to achieving sustainable competitive advantage and performance.

Thereby, since the early 1980s, Michael Porter’s strategic typology has been one of the most extensively recognized methods of discussing, categorizing, and selecting company strategies. Porter’s novel idea that strategies can be classified into generic types (differentiation, cost leadership, focus or combination) has been the basis for much of the strategy research and practice in the past quarter century. Numerous significant gaps in our understanding of Porter’s typology still exist, obstructing managers’ efforts to implement these generic strategies. One problem was that early research has not identified exactly tactics associated with each of the generic strategies. Moreover, previous research had not defined, which of this tactics are associated with higher levels of business performance (Akan et al., 2006). Thereby, managers of the firm could hesitate, which specific tactics to implement at the functional level of their firm when they follow a chosen generic strategy.

Later Baum et al. (2001) stated that firms, which apply cost leadership and differentiation strategies, are likely to obtain a competitive advantage and higher performance than those, which do not. The authors also noted that micro and small family firms do not place much emphasis on strategy and strategy formulation and this affects their performance negatively (Agyapong et al., 2016). Nooteboom (1993) assumes that the reason is that they have a small

size and are not able to compete with the major players in the industry, so they have to focus on strategic activities.

According to Nooreboom (1993), small and micro family firms should focus on strategic actions for increasing own competitiveness with major players through the implementation of cost leadership strategy and differentiation strategy (which were described above). Acquah (2011) considers the reason for the implementation of *cost leadership strategy* by family firms. These reasons may also be reflected in realities of the Czech wine industry, where Czech wine market is being priced sensitive. And because cost leadership strategy is best appropriated for such markets, there is an assumption that family wine firms can easily implement a low-cost strategy. Moreover, there are factors that can contribute family business to contrive high performance and reduce cost: paternalistic relationship with workers, long-term hiring strategy, the permanent stay in the business by the family executives, trustworthiness, and enduring social relationships building and networking (Acquah 2011). That all permits family firm to charge lower prices and be a low-cost producer (Agyapong et al, 2016). In addition, family members are committed to their business and ready to work extra hours without determining extra pay that helps to cost-cutting to support cost leadership strategy.

Conversely, a *differentiation strategy* is applicable in the market, which the target customer segment is not price-sensitive or customers have a specific needs, and a firm has unique resources to satisfy these needs (Porter, 1980). However, this strategy also is appropriated in markets that focus on value rather than price. On the Czech wine market, it is also applicable, where some customers prefer quality and brand association. The further pilot study confirms the existence of established customer loyalty that allows us to assume of differentiation strategy application by some family wine firms.

Based on the extensive literature, organizational strategies are classified in accordance with three different levels: corporate-level strategies, business-level strategy and functional-level strategy (Nandakumar et al., 2011). Functional-level strategy sustains business strategy, and business strategy sustains the corporate-level strategy. Therefore, when developing strategies it should be considered that the corporate-level strategy will impact business-level strategy, and business-level strategy will impact the functional-level strategy. Therefore, this subordination of various levels of strategies points on that the strategy, which is closer to

strategy implementation, is found in the last level: the functional-level. In this way, some researchers point to *competitive tactics* in this context (Akan et al., 2006; Castillio-Apraiz & Matey, 2015). The strategy implementation is the theme of many papers because it is a major factor that helps to interpret the firms' failure or success. Akan et al. (2006) highlight in their study the *importance of tactics' implementation* because they are linked to improved organizational performance. But there is a problem with the definition of *implementation* because scholars design definitions basing on the problem that they solve. "*In order to develop a strategic process, the main strategic objectives must be defined, strategy must be formulated and implemented and strategic feedback must be considered*" (Munive-Hernandez et al, 2004). We agree with the authors, who assume that the formulation and implementation should be seen as two sides of the same coin (Cholip, 2008). In our days the *strategy* is seen as a continuous and dynamic organizational process where the focus is on a constant refinement and updating of the action taken (Castillio-Apraiz & Matey, 2015). It is not enough to invest only in formulating the strategy, ignoring the fact that companies that focus on trying to link strategy and implementing will get satisfied employees and customers, and even higher performance (Beaudan, 2001). The strategy determines the tactic (Finney et al., 2005). The first one decides what to do (strategy) and the other one decides how to do it (tactics). Thereby, competitive tactics should help to identify the specific actions under the functional level. These actions will be provided by some business strategy, which will contribute the corporate strategy to achieve global goals.

There are many studies about the relationships of strategies and performance. Anderson and Zeithaml (1984) analyzed the difference in strategic variables in various phases of the product lifecycle. They tried to show the link between a business strategy and performance in each of the phases of the product lifecycle. Therefore, competitive tactics are as linkers between strategy formulation and implementation (Akan et al., 2006). Moreover, the former research reveals that competitive tactics play a key role in the conception of an organization's sources of performance (Mackay & Zundel, 2017; Castillio-Apraiz & Matey, 2015). This is the mean that provides a function to competitive strategy, creating the mainstay for the formation of strong competitive advantages. Based on the literature, the sustainable competitive advantage can be achieved through the continuous management of different competitive tactics (Yeung & Lau, 2005). Many scholars used the concept of "competitive tactics". There are many

studies about the relationships between strategies and performance. Anderson and Zeithaml (1984) analyzed the difference in strategic variables in various phases of the product lifecycle. They tried to show the link between a business strategy and performance in each of the phases of the product life cycle.

Hereinafter Akan et al. (2006) helped to close the gap in the strategy implementation. Their research describes a key set of tactics to describe each of Porter's generic strategies. Besides that, they identified the significant relations of certain tactics and the higher level of the business performance that was exactly the aim of that study. Thereby, the model proposed in Akan et al. (2006) and later developed in the study of Allen and Helms (2006) proves that competitive strategy should set the tactics, and the utilization of suitable tactics will aid to get the supposed results (Allen, & Helms, 2006). This research that based on Dess and Devis' (1984) work concentrates on the link between each competitive tactic and business performance, but there is a gap of the general model, which contains the basic competitive tactics as well as the relationship between them.

The work of Castillio-Apraiz and Matey (2015) helped to fill this gap. They analyzed the relationship between the competitive tactics tightly related to Porter's generic competitive strategies (Porter, 1991), namely Quality-Oriented Competitive Tactics (Quality) and Cost-Orientated Competitive Tactics (Cost) (these two main tactics do not exclude each other). They also analyzed two further tactics, namely Innovation-Oriented Competitive Tactics (Innovation) and Marketing-Oriented Competitive Tactics (Marketing) (Castillio-Apraiz & Matey, 2015). Competitive tactics, used in Castillio-Apraiz and Matey' work (2015), are connected to business performance and moment of entry. The performance was considered in a broad sense with the aim to catch a vast part of its significance. Thus, it was decided to adopt the validation scale that was used in work of Castillio-Apraiz and Matey (2015); Robinson and Pearce, 1988; Ruiz-Ortega & García-Villaverde, 2008, and apply it in the realities of the wine family business in the Czech Republic. Moreover, for studying the heterogeneity among family firms, it was decided to analyze the relationships between competitive tactics and family business performance, taking into account the generation stage, which will be described below. Moreover, the various features of each competitive tactic applied to the wine industry are described below.

3.4 Specifications of competitive tactics

The competitive tactics, which were chosen for analysis in the research, are the following:

- Quality-oriented competitive tactic (Quality),
- Cost-oriented competitive tactic (Cost),
- Innovation-oriented competitive tactic (Innovation),
- Marketing-oriented competitive tactic (Marketing).

There are two primary competitive tactics, Quality-oriented competitive tactic (Quality) and Cost-oriented competitive tactic (Cost), which are closely related to Porter's generic competitive strategies. Differentiation strategy and cost-leadership strategy can be clearly differentiated in the wine sector (Zhang et al, 2013). Moreover, two other significant competitive tactics are analyzed, the Innovation-oriented competitive tactic (Innovation) and the Marketing-oriented competitive tactic (Marketing). Thereby, we work with an assertion that these tactics are means that provide a function for competitive strategy, creating the mainstay for the formation of strong competitive advantages. Nevertheless, there is no unanimity in defining certain items for each competitive tactic, so the quantitative research will be based on the classification of Castillio-Apraiz and Matey (2015) who applied some adjustments to the classification of Ruiz-Ortega and Garcia-Villaverde (2008) to improve the nomological validity. There is a specification of each competitive tactic in detail.

Quality as a phenomenon has a pragmatic interpretation as the non-inferiority or superiority of something; it is also defined as fitness for purpose. Quality as a competitive tactic includes increasing a high position in the industry; precise quality control, and robust customer service; investment in research; elaboration and innovation. According to Ponte and Gibbon (2005) "*there is no 'universal' understanding of quality, and, second, [...] quality is cognitively evaluated in different ways depending on what world is used to justify evaluation and action and hence on which broader normative order is invoked*". This approach advantaged assessing quality criteria based on reputation and prestige imagery that associates the intrinsic characteristics of wine, grape, color or origin, with extrinsic ones, geographical indication, labeling, winery tradition, recognition by critics and/or prizes received (Macías Vázquez and Alonso González, 2015). It can be said that quality is a significant tactic for pioneers, firms that are more focused on quality, and usually that kind of business strives to be first-to-market.

The second main tactic is *Cost*, which involves great attempts to reduce costs, offering low prices than competitors. This kind of business usually focuses on low price market segments. This tactic is more common for followers, in other words, the firm that adapts the ideas or patents of pioneers. According to Acquaah (2011), family firms can obtain the above-normal profits because of their ability to lower prices to match or even below those of competitors and still earn profits, so we assume that family firms take benefit of implementing this tactic. *Innovation* and *Marketing* are other two competitive tactics can have a relationship with performance. While in general, some studies report a positive correlation between family influence and innovation (Gudmundson & Hartman, 2003; Hsu & Chang, 2011), other studies suggest a negative relationship (Chin et al., 2009; Block, 2012). It is possible to assume that the reason is in the generational difference of perception of the business philosophy and orientation.

Some authors could claim that innovations in the wine industry are inappropriate because winemaking is an ancient craft and based on old methods and traditions. Part of this is true, but current ideas and development show that it is also a very dynamic sector (Huyghe, 2014). Innovation consists of developing new grape varieties and enhancement of existing ones, concentrating on specialized products and high price segments. The use of new techniques and technologies in cultivation, harvesting and wine production also apply to this type of competitive tactics.

Marketing consists of efforts to compose severe brand identification, focusing on promoting, advertising and its quality and attempting to innovate marketing techniques, create new tools to attract and retain customers (Castillio-Apraiz & Matey, 2015). We assume that there is a relationship between this tactic and family business performance.

3.5 Competitive tactics and family business performance: connection with generation stage

Some studies assume that the effectiveness of competitive tactics differs depending on the generational stage within the family business. In this section, some studies that relate competitive tactics and generational stage are analyzed. These studies will provide a theoretical foundation for this work, so they are specifically relevant. It should be noted that there is a limited number of studies that examine the differentiation of family firms with

respect to the stage and its influence on the strategy or tactics' implementation (Nordqvist et al., 2013; Randerson et al., 2015).

One of the drawbacks of the family business research is that it mostly ignores the generational development of family firms (Cruz & Nordqvist, 2012). Notwithstanding that it was shown that family firms go through different stages depending on generation in control; the firms' strategic behavior changes from stage to stage (Bammens et al., 2008; Gersick et al., 1997; Schulze et al. 2003). Thereby, there is a need for additional research for the understanding of strategies and competitive tactics at various generational stages in the family business (Hoy, 2006). Family firm's population is not homogeneous; and various investigations lend further support to the call for more studies that examine different types of family firms (Westhead & Howorth, 2007; Cruz & Nordqvist, 2012).

The generational perspective of a family business underlines that members of various generations distinguish in terms of the evolution stage of their business, as well as in terms of their own ability to impact on the business strategic direction (Greiner. 1972; Sonfield & Lussier 2004). The founders, as first-generational family managers, are businessmen with the required background to run a firm (Schein 1983; Aldrich & Cliff 2003). While this feature is not a case for founder descendants, who face various posers (Peiser & Wooten, 1983). Besides, there is an assertion that the degree of family identification, impact and personal investment in the firm changes as the company moves through generations (Gersick et al. 1997; Schulze et al. 2003). Therefore, scholars have detected generational distinctions among first-, second- and third-and-beyond-generation family firms, along with different variables (Bammens et al. 2008; Sonfield & Lussier 2004). Additionally, the meaning of the founder should be defined. *“The founder is an entrepreneur, who drives the firm's development and expansion based on his or her intuition, business idea and strategies, rather than on industry features and/or competitors' moves”* (Cruz & Nordqvist, 2012). As a result, it is expected that business is driven by the founder to a greater extent in first generation family firms (Schein, 1983; Mintzberg & Waters 1983). Based on the literature, this founder's concentration is reduced as the firm moves to the second generation. Besides, second-generation managers face different obstacles (Gersick et al. 1997; Peiser & Wooten 1983). They need to retrieve new ways to enliven and further develop the firm they have inherited. According to Davis and Harveston (1999), at the same time, they need to deal with the shadow

of the founder. As Peiser and Wooten stated (1983): “*especially in dynamic environments, the second generation sees opportunities for growth that the first generation would prefer to pass over.*”

Generally, there is a proverb that demonstrates the view about the family business: “*the first generation makes it, the second generation grows (or at least sustains) it, and the third generation loses it*”. For that explanation, many different postulations have been provided. Several have proposed that it is the founder (the first generation’s representative) who is the real driver of the business and offspring do not take this features after (Galve-Górriz & Salas-Fumás, 2011). Some researches of family business in general have displayed that the first generation, when the founder is fully involved in the business process, behaves differently than those firms that are run by the second or subsequent generations (Ward, 1991; Gersick et al., 1997; Lansberg, 1999; Gimeno et al., 2004; Rutherford, 2006), and they obtain better results (Villalonga and Amit, 2006; Anderson and Reeb, 2003; Miller et al., 2007). There is very limited research has been conducted in this area. Rutherford et al. (2006) showed an initial empirical examination of the Gersick et al. (1997) developmental model of family business. They observed a positive relationship between the generation and business development.

For establishing and maintaining a competitive advantage a family firm should follow the right strategic goals and choose right tactics (Brines et al., 2013; Cassia, De Massis & Pizzurno, 2012; Craig et al., 2014; Sharma et al., 1997). The goal prioritization of decision-making in family firms is a complex process, because of the unique composition of family, ownership, and business (Sharma et al., 1997; Habbershon et al., 2003; De Massis & Kotlar, 2014). All this may make difficult the coherence of strategic steps (Kellermanns et al., 2012). Acquiring strategic coherence can be difficulties when looking at different generations is diverse. Nevertheless, it is complicated to obtain enough conformation about differences of competitive tactics application in family firms emphasizing the differences between generations.

There are several trends according to various attitudes and strategic behavior within the difference between generational stages. There are different assumptions according to the performance of the first and the second (and further) generations of family firms. The literature assumes that family business succession drives to stagnation and reduced firm

performance, other studies predict a positive impact of succession on performance. Zahra (2005) and Fernández and Nieto (2005), for instance, detected that when new generations of family members become actively involved in the business, wealth increase and strategic renewal become more significant. The key argument is that with each succession in a firm, new family members bring fresh knowledge and insights into the firm, which positively affect the impulses to innovate, internationalize, and grow. McConaughy and Phillips (1999) also found the evidence that descendant-controlled family firms are more profitable than family firms controlled by the founder. Even though founder-controlled firms have a higher capacity to grow, family firms managed by descendants have a higher capability to generate profits. Because they can reap the benefits of earlier investments in capital assets and R&D made by the founder (Molly, Laveren, Deloof, 2010). Also, Diwisch, Voithofer, and Weiss (2009) identify a significant positive impact of past succession on the performance of Austrian SMEs. Galve-Górriz, on the other hand, did not find the differences in financial performance between family firms of first and second-third generations in their research. As authors pointed the main reason that the sample firms belonging to an Association of Family firm, the purpose of that is to give information and learning to their associated firms about the specific problem of family firms (La Sala, Silvestri, & Contò, 2017). The study of Sraer and Thesmar (2007) does not find any relation between performance and generational renewal in listed family firms in France. Summing up, the literature review demonstrates that the majority studies find evidence of a change in the performance of family firms after a transgenerational transfer. Both positive and negative impacts were detected, thereby, there is a difference between performance outcomes of the first and further generations of family firms. Referring to the past studies and the expert estimates, we expect that the second and further generational forms will have bigger performance outcomes than the first generation family firms.

3.5.1 Relationship between competitive tactics and generational stage of family firms

There are some tendencies in the identification of the generational stage effect on the on the utilization of *innovations*. Some studies identify the negative effect of a post-founder generational stage (second and later generations) on innovation in the family firm. They discuss the achievement of inferior innovation results from family-owned firms at a later generational stage, especially because of higher risk aversion (Hiebl, 2015), lower degree of

proactive and emerging market orientation (Beck et al., 2011), lower level of entrepreneurship (Miller & Le Breton-Miller, 2011), and the fear of losing family control due to increasing of debt utilization to involve in growth and innovation processes (Molly et al., 2010). Cucculelli & Micucci (2008) report controversial results, where is the positive relationship between later generation firms and innovations. These results are far more likely if an inter-generation succession is preceded by initiatives to contribute the growth of relevant innovation knowledge and skills in the succeeding generation. Moreover, Miller et al (2007) convince that successors can demonstrate extreme strategic behavior according to innovation because of possible worship by successors their predecessors, where they merely copy their parent's practices when others reject their parent's leadership style and behave differently. Sharing and combining knowledge with family members from another generation, though useful for pursuing innovation, also may create perceptions of relinquished power (Danes & Haberman, 2007; Shunk, 2003). According to the literature, the growth strategies (in terms of internationalization, commercialization, quality-differentiation and innovation) are usually pushed by second or later generation proprietors as they lead to new firm's perspectives (Fernández & Nieto, 2005; Gallo & Pont, 1996). The work of Galve-Górriz and Salas-Fumás (2011) demonstrates that the first-generational firms less invest in innovations and generally they do not have R&D processes and such kind of department. Based on the literature, the second-generational firms, conversely, invest in innovations more; they define R&D costs and have patents. Based on the literature we tend to assume that for second and later generation family firms the relationship between Innovation-Orientated Competitive Tactic and Performance is stronger than for the first generation family firms.

It should be noted that during the literature analysis no results were found regarding the differences between the generations regarding the utilization of *Cost-orientated competitive tactics*. Nevertheless, we tend to assume that for the first generation family firms the relationship between Cost-Orientated Competitive Tactic and Performance is stronger than for second (and further) generation family firms. Because there is a tendency for the second generation of local wine firms to bypass this tactic and prefer to focus more on the quality of the wine product, despite the costs.

Concerning *Quality-orientated competitive tactics*, there is an interesting trend. The research of Galve-Górriz and Salas-Fumás (2011) indicates that there are no differences in quality of

products among the groups of generations; also there are no great differences in the number of firms who have obtained ISO or other certificates of quality. But based on the expert estimates, we tend to think that for second (and further) generation family firms the relationship between Quality-Orientated Competitive Tactic and performance is stronger than for the first generation firms.

There are several findings according to the implementation of *Marketing-orientated competitive tactics*. The results of study Galve-Górriz and Salas-Fumás (2011) implies that second and third generation firms invest more in innovation policies, commercialize their own brands and make changes in product/brand presentation to a greater extent than first generation businesses. In addition, the literature shows that the use of marketing contributes to utilization of innovations in family firms. Previous studies showed that second and later generations invest more in the development of own brand and promotion. The authors of these studies explain this as the result of pursuit to maintain a competitive position in the market, guaranteeing survival as a family business, and to adapt the needs of the extended family as other family units join the business (Galve-Górriz & Salas-Fumás, 2011). Nevertheless, based on the expert estimates, we tend to assume that for the first generation family firms the relationship between Marketing-Orientated Competitive Tactic and performance is stronger than for second and later generation family firms.

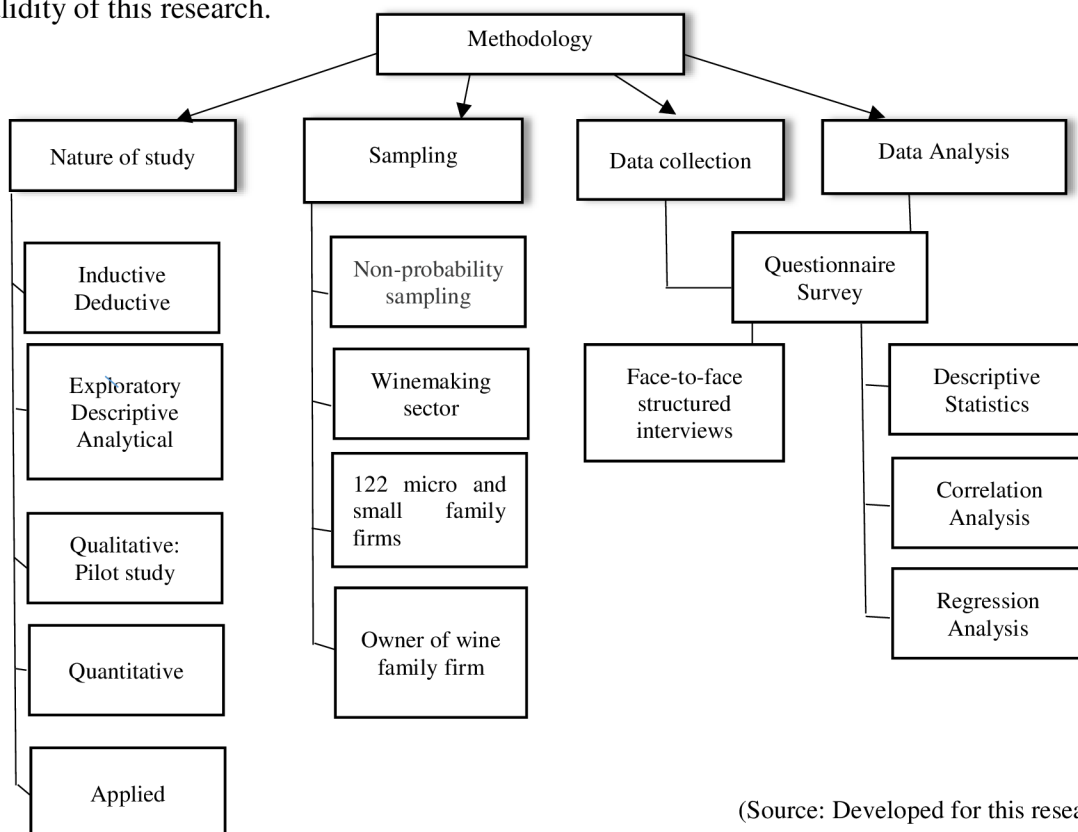
Although the wine industry is not considered as characterized by a high presence of innovation (Fiore, 2016), many wineries regularly develop their product, processes, and policies useful through innovative strategies, most of the time unconsciously, in order to procure a satisfactory answer to their market needs. Some authors assume, that generally, in the wine sector, innovation processes focused mainly on promotion and marketing methods (Fiore, 2016). Very often these two aspects are used in a coordinated way to sell products and structured trade policies (Dries et al. 2014). The wine, however, is a set of territorial values and deeply rooted in local tradition and brings with it a series of relationships between companies which have their roots in time. As a result of innovation and market strategies of these, family businesses do not always follow paths of efficiency in relations with suppliers (Bresciani et al. 2016). Thereby, it can be seen that family firms behave differently depending on generation.

4 EMPIRICAL RESEARCH

This chapter describes the appropriate research methodology used in this research. The chapter begins with addresses the aim of the research, research questions and hypothesis. After there is a process of the research, logic and outcome of the research proposed by Collin and Hussey (2003). This is followed by research strategy and design. Finally, the last section describes the reliability and validity of this research, and processing procedures.

4.1 Research methodology

This chapter explains the appropriate research methodology used in this research (Figure 7). The chapter begins with addresses the process of the research, logic of the research and outcome of the research proposed by Collin and Hussey (2003). This is followed by the research strategy and research design. Finally, the last section describes the reliability and validity of this research.



(Source: Developed for this research)

Figure 7 Conceptual research scheme

The dissertation work presents the theoretical and practical part in the topic of family business definition and its features, main competitive tactics and business performance. The theoretical part will be based on the analysis of secondary literature sources. The following secondary literature sources will be used:

- Journals (Family Business Review, Small Business Economics, Strategic Management Journal, Entrepreneurship: Theory And Practice Management, Journal Of Family Business Strategy etc.),
- Books,
- Market research reports,
- Conference proceedings,
- Databases (EBSCO, Emerald, Science Direct, Scopus, Web of Science, Amadeus).

According to Collin and Hussey (2003), the research can be classified by:

- The purpose of the research – the reason why are you conducting it,
- The process of the research – the way in which you will collect and analyze your data,
- The logic of the research – whether you are moving from the general to the specific or vice versa,
- The outcome of the research – whether you are trying to solve a particular problem or make a general contribution to knowledge.

According to the purpose of the research the next types of research were used:

Exploratory research is “*conducted into a research problem or issue when there are very few or no earlier studies to which we can refer for information about the issue or problem. The aim of this type is to look for patterns, ideas or hypotheses, rather than testing or confirming a hypothesis. A hypothesis is an idea or proposition which can be tested for association or causality by deducing logical consequences which can be tested against empirical evidence. In exploratory research, the focus is on gaining insights and familiarity with the subject area for more rigorous investigation at a later stage*” (Collis & Hussey, 2003).

Descriptive research is used to describe the characteristics of a population or phenomenon being studied. It does not answer questions about how/when/why the characteristics occurred. “*Descriptive research goes further in examining a problem since it is undertaken to ascertain and describe the characteristics of the pertinent issues*” (Collis & Hussey, 2003).

Analytical or explanatory research is a “*continuation of descriptive research. The researcher goes beyond merely describing the characteristics, to analyzing and explaining why or how it is happening. Thus, analytical research aims to understand phenomena by discovering and measuring causal relations among them*” (Collis & Hussey, 2003).

The process of the research is differentiated by looking at the approach adopted by the researcher: quantitative and qualitative (Collis & Hussey, 2003). This work obtains as qualitative as quantitative approach of research.

The aim of the qualitative approach is to get a deep understanding of family business perception and definition, its functioning in the wine sector and identify the main issues. For this, a pilot study was conducted.

The aim of the quantitative approach is to collect and analyze data about family business performance, the main factors influencing that (performance, main competitive tactics), and to apply advanced statistical analysis.

A standard ranging according to the logic of the research splits up it into deductive and inductive research. Deductive research is acting from the more general to the more specific. This kind of research is used to create the research hypothesis, which will be later verified (Figure 8) (Collin & Hussey, 2003).



Figure 8 Deductive research

(Source: own elaboration)

Inductive research is “*a study in which theory is developed from the observation of empirical reality; thus general inferences are induced from particular instances, which is the reverse of the deductive method*” (Collin & Hussey, 2003). That kind of research will be used to generalize obtained findings (Figure 9).



Figure 9 Inductive research

(Source: own elaboration)

The main difference between inductive and deductive approaches to research is that whilst a deductive approach is aimed and testing theory, an inductive approach is concerned with the generation of new theory emerging from the data. Table 4 presents which types of research were used in the dissertation work.

Table 4 Types of research

Research Classification	Type of research	Reason
Purpose of the research	Exploratory	<ol style="list-style-type: none"> 1. To clarify and explore the ideas and hypothesis in the field of family business and its performance, 2. To gain insights into the current position of family business in the research field, 3. To assess which existing theories and concepts can be applied to the problem.
	Descriptive	<ol style="list-style-type: none"> 1. To identify the nature of family business performance and its characteristics, 2. To identify the nature of competitive tactics that can influence family business performance, 3. To describe obtained data and characteristics about the studied field and research results.
	Analytical	<ol style="list-style-type: none"> 1. To analyze if the main competitive factors influence the family business performance, 2. To analyze if there is a positive or negative relationship between competitive tactics and the family business performance, 3. To test if there is a different relationship between competitive tactics and performance according to the generational stage.
Process of the research	Qualitative research	Pilot study
	Quantitative research	Questionnaire survey
Logic of the research	Deductive	To create the hypothesis of the research, which will be later verified
	Inductive	To generalize received findings
Outcome of the research	Applied	To understand how the main competitive tactics influence the family business performance

(Source Developed for this research)

The outcome of the research is classified into applied or basic research. Basic research is also known as fundamental or pure research (Collin & Hussey, 2003). This research offers to expand the knowledge of a process of business and management. It deals with fundamental knowledge by developing and testing theories. Whereas applied research is aimed at solving a particular business problem. This outcome of the research will provide pertinent information for defining business directions. Applied research may test the theory propounded by basic research.

Applied research will be used in the dissertation work. It can be assumed, that the mentioned research hypotheses are most probably to be associated with a business or practical problems, identify whether the desired outcomes will be achieved and to improve a comprehension or explanation of particular issues in the research field. Thereby, this research refers to the applied research category.

4.1.1 The research strategy and research design

Saunders et al. (2003) suppose the next research strategies: experiment, survey, case study, grounded theory, ethnography, action research, cross-sectional and longitudinal studies, and exploratory, descriptive and explanatory studies. The survey strategy was chosen as a more appropriate research strategy for this study. As Saunders et al. (2003) mentions, this strategy is a popular and common strategy in business and management research. There are main advantages of survey strategy according to Saunders et al. (2003):

- Allow to collect a large amount of data,
- Very economical,
- Allow to compare easily with other studies,
- Perceived as authoritative by people in general,
- Easy understandable,
- Give more control over the research process.

There are the main disadvantages of survey strategy:

- Need much time to design and pilot the questionnaire,
- Can require appropriate computer package for analyzing,
- Analyzing the results is time-consuming,
- Limit of the number of questions (Saunders et al. (2003)).

In the dissertation work, the structured interview was used for qualitative research as well as for quantitative research, which refers to the survey strategy. The questionnaire was used as well as a data collection method of survey strategy for quantitative research. As a type of questionnaire, interviewer-administered questionnaires were chosen based on author experience with other types (mail and online questionnaires), which were not successful.

The choice of a structured interview for primary research is described below in the Chapter 4.2.2 in more details. The choice of a questionnaire was influenced by the following factors:

- Importance to rich a particular person,
- High confidence that right person has responded,
- Easy to use for respondents,
- Standard size of expenses/ financial implication,
- Easy of analyzing.

As a result of the primary research part, a qualitative and quantitative research will be presented. They both contribute to achieving the main purpose of the dissertation work. A qualitative research includes the pilot study that helps to understand the current situation and

contribute to the creation of a conceptual model of family business in the wine sector in the Czech Republic. The quantitative research will help to create the model of relationships between family business performance and competitive tactics for micro and small wine family firms.

4.1.2 Research sampling

One of the most frequent problems in statistical analysis is the determination of the appropriate sample size that is required for validity. An appropriate sample size can produce an accuracy of results. Moreover, the results from the small sample size will be questionable. A sample size that is too large will result in wasting money and time. It is also unethical to choose too large a sample size. There is no certain rule of thumb to determine the sample size. Some researchers do, however, support a rule of thumb when using the sample size. For example, in regression analysis, many researchers say that there should be at least 10 observations per variable (Ary, Jacobs, & Razavieh, 1996). If we are using four independent variables, then a clear rule would be to have a minimum sample size of 40 in our case.

According to Saunders et al. (2003), *“a sampling techniques provide a range of methods that enable you to reduce the amount of data you need to collect by considering only data a subgroup rather than all possible cases or elements.”* It can help to figure out all restrictions of time, money and often access.

According to Saunders et al. (2003) the sampling techniques can be divided into two groups:

- probability or representative sampling;
- non-probability or judgmental sampling.

Non-probability (judgmental) sampling technique was used for primary research, where the population does not have an equal chance of being selected. The choice of the rule of thumb for determination of appropriate sample size for qualitative research (pilot study) was based on the literature recommendations, the details are described in Chapter 4.2.2. Next, the method of Cohen Statistical Power Analysis as one of the most popular approaches in the behavioral sciences in calculating the required sampling size was applied for quantitative research (details are described in Chapter 4.3.3). This type of sampling was chosen based on the next reasons: there is no a Czech law regards to the definition of the family business that leads to the absence of database with family firms, so the total population belonging to the specified

category cannot be determined. Besides that, the choice of the mentioned methods is based on the following findings.

According to the literature, some researchers follow a statistical formula to calculate the sample size. Most of them are based on population size. This kind of method needs random sampling. However, usually, at least in social studies it is difficult to provide a simple random sampling. Accordingly, our case does not respond to random sampling technique. Besides that, for most studies that require data from a wide and diverse population size, rarely do researchers cover the whole population. The normal practice is to draw a sample from the target population. Salant and Dillman (1994) defined a sample as a set of respondents selected from a larger population for the purpose of a survey. Furthermore, it is generally not necessary to study all possible cases to understand the phenomenon under consideration (Ary et al., 1996). Therefore, the power of a sample survey actually lied in the ability to obtain the necessary information from a relatively few respondents to describe the characteristics of the entire population. Although, typical practice is the sample design that stratified and developed in two or more stages. According to Cappelleri and Darlington, (1994), Cohen Statistical Power Analysis is one of the most popular approaches in the behavioral sciences in calculating the required sampling size. Chuan (2006) affirms the same decision in his study. This approach was applied in the quantitative research, the details can be found in Chapter 4.3.3. Several limitations should be mentioned with regard to the sampling. Firstly, one of the limitations is the fact that only Czech family firms will be observed. Secondly, the wine sector was chosen. Another limitation is that this study examines family wine business in the South Moravia because that region represents 98,8 % of all number of wine firms in the Czech Republic (Czech Statistical Office, 2011). The research will observe only micro and small wine firms (up to 10 employees) because basically wine firms are micro and small and represent approximately 80 % of total amount of family business in the Czech Republic (Koráb *et al.*, 2008).

Another potential limitation concerns the determination of family business entity. Studies which analyze family business are obviously facing difficulties with the determination of family business features, especially for micro and small business entities. For solving this issues, we based on the chosen definition of family business (see Chapter 2.1).

Therefore, the qualitative research is a pilot study. Sampling details of the pilot study are described in Chapter 4.2.2. The quantitative research was provided on the base of a questionnaire survey. We used individual face-to-face structured questionnaires with individuals who have a direct relationship to the family business (owners and co-owners).

4.1.3 The credibility of research findings

In order to reduce the possibility of getting the answer wrong, the attention should be paid to the next aspects: reliability and validity in research (Saunders et al., 2003). Joppe (2000) provides the following definition of reliability “the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable”. The validity of the research he describes on the following way “validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others”.

In the main research, the author is using a quantitative approach with help of structured interview. The reliability and validity of this study can be assessed by the following factors. At the early stage of this research, discussions with academic colleagues and family business owners were carried out to collect information on the problem area. After that, the questions and measures of the variables in the questionnaire were drawn from the intensive literature review and based on validated scales from previous studies (more details can be found in Chapter 4.3.1). Regarding this, the research area was clarified in order to conduct the research. Besides that, content validity was established by a comprehensive literature review and by consulting experienced academics and practitioners. There are two approaches for assessing content validity: face validity and sampling validity. Several wine company owners and academics who specialized in the subject area were consulted to ensure that the relevant questions were asked using a meaningful terminology, thus pre-testing and refining the questionnaire and providing face validity (Azabagaoglu, Akyol & Ozay, 2006). The sampling validity which is concerned with the adequacy of measurement of the researched problem is based on Cohen Statistical Power and on the recommendations of Chuan (2006) for the development of the sampling. Since both "face validity" and "sampling validity" requirements

were thus fulfilled, the scale used in this study was considered to satisfy the requirements of "content validity" also. This research is directed to substantially extend the previous findings in the context of main competitive tactics and their impact on family business performance in the Czech Republic in the wine sector. The descriptive and analytical approaches were carried out to test research hypotheses. Additionally, Cronbach's alpha test was applied to test the internal consistency of the responses. The Cronbach's alpha was computed in SPSS program.

4.1.4 Processing procedures

In order to understand the current situation of the family wine business and test the viability of the hypothesis, the quantitative methods were used in the pilot study. In that pilot study, survey technique was used, namely the face-to-face structured interview. The research results were analyzed by mean of open coding with help of qualitative software Atlas.ti (detailed information can be found in Chapter 4.2.2).

The primary quantitative research is based on finding the relationship between family business performance and competitive tactics. Moreover, the difference between generational stages of family firms was unanalyzed according to competitive tactics utilization and their impact on performance. For that purpose, the correlation and regression analysis were applied with help of the SPSS (Statistical Package for the Social Sciences) software. Besides that, a Mann–Whitney U test allowed to understand whether any significant difference exists between generational stages. The analysis was provided with help of SPSS software.

4.2 Qualitative research: the pilot study

This chapter presents the process and findings of qualitative research. This research includes a pilot study.

4.2.1 Framework of the pilot study

The pilot study is based on the presented theoretical framework in Chapter 3. The questions for the survey were formulated on the several main concepts that are described in the aforementioned chapter: family business performance and competitive tactics as factors that can influence that performance. For investigation of competitive tactics using the questions for respondents were formulated according to theoretically established the main competitive tactics: Quality-Oriented Competitive Tactics (Quality), Cost-Orientated Competitive Tactics (Cost), Innovation-Oriented Competitive Tactics (Innovation) and Marketing-Oriented Competitive Tactics (Marketing). An exploration of conception about the family business, its

features and its functioning was conducted basing on the following aspects: respondents' perception about the family business and its advantages; family ties of involved family members into business and their activities in that business; management and ownership structure; decision-making process and succession.

This study shows the essence of family business performance from practical view. In this pilot study during the interviews respondents did not receive any concrete aiming for specification and measurement tools of family business performance. Thus, they were asked to self-identify how they understand this phenomenon and what tools they use to measure family business performance. This was done in order to obtain pure information about respondents' understanding and identifying the family business performance.

4.2.2 Research methodology of the qualitative research

4.2.2.1 The aim and objectives

The *aim* of the pilot study was to understand the current situation and create a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research.

Under this aim, the following *objectives* were set: to confirm or deny the existence and utilization of key factors as competitive tactics, which could influence the performance (dependent variable) of micro and small family businesses in the wine sector. These main competitive tactics (independent variables) have been established theoretically and require further practical confirmation. This conceptual framework of the family business in the wine sector will be used in further quantitative research with more detailed data and analysis using statistical methods. Another important *objective* was to verify the viability of hypothesis established in Chapter 1.2. Due to the lack of a sufficient theoretical basis in this sector, the author puts the question, which indicators are used by selected firms for each tactic and how these firms perceive and measure their performance.

Topical areas for interviews were developed deductively, so the approach was formalized by some theoretical suppositions according to perception of family business, competitive tactics and family business performance. Thus, grounded circuits for interviews were theoretically generated, which are applied inductively.

4.2.2.2 Research technics

A survey was conducted in the pilot study, namely the face-to-face structured interviews, which belongs to the verbal form of questioning methods commonly employed in qualitative research. Open-ended questions were used in this study. This means that this type of research is completed by interviewer by using an audio recorder. The study supposed the use of open-ended questions due to the nature of the collected data favored as a means to illustrate findings and support the developed theory described above. *“In social research, the language of conversation, including that of the interview, remains one of the most important tools of social analysis, a means whereby insight is gained into everyday life, as well as the social and cultural dimensions of our own and other societies.”* (Bloch, 1996)

A structured open-ended questionnaire and face-to-face interviews were used to obtain data in order to test the viability of hypothesis and create a conceptual framework around the family business performance of micro and small family business in the wine sector in the Czech Republic.

The following factors influenced the choice of data collection method resulting in interviews: importance to reach a particular person, high confidence that the right person has responded, obtaining a great level of detail, ease of use for respondents, low expenses/financial implications, the simplicity of data coding (Pavlica, 2000). At the beginning of the interview, the interviewer explained the purpose of the interview, the importance of the respondent's participation and respondent confidentiality. The end of the interview was finished with a request for possible further cooperation and the respondent's desire to get acquainted with the general results of the research.

4.2.2.3 Sampling

The pilot study was provided on the base of individual face-to-face interviews with individuals who have a direct relationship to the family business (owners, family members or business agents). During the interview, the questions were addressed to relative factors, which was created by the author based on aforementioned literature review and own view on needed determinative factors to build a conceptual framework of business performance of micro and small family business in the wine sector in the Czech Republic.

The ten interviews were conducted. This small number of respondents is based on the following assumptions. According to Connelly (2008), extant literature suggests that a pilot

study sample should be 10% of the sample projected for the larger parent study. Nevertheless, Hertzog (2008) previsions that this is not a simple or straightforward issue to resolve because these types of studies are influenced by many factors. However, Isaac and Michael (1995) suggested 10 – 30 participants; Hill (1998) suggested 10 to 30 participants for pilots in survey research; Julious (2005) in the medical field and Van Belle (2002) suggested 12; Treece and Treece (1982) suggested 10% of the project sample size. Thereby, 10 would be considered as an optimum in this case, because the sample size of the further primary exceeds 100.

Next, received data was completed, in other words, there were no missing or incomplete answers. The sample includes 40% of representatives of the business, 40% of business owners and 20% of family members of the business owner (Table 5).

Table 5 Characteristics of respondents of the pilot study

Relationship to the FB	Number of respondents	Representing the wine township	Percentage of the total sample
Representative of the firm	4	Velké Němčice, Čejkovice	40%
Business owner	4	Viničné Šumice, Čejkovice, Mutěnice	40%
Family member of business owner	2	Čejkovice, Bzenec	20%

(Source Own elaboration)

The research was focused on micro and small firms. A literary review allowed us to find out that most of the research on the wine sector is focused on large companies, we think the reason is that getting information from these firms is easier than from smaller ones. The study of competitive tactics and performance becomes difficult when the focus is placed on micro and small-sized firms, although their amount for about 99.8% of the companies in the EU-27 and 96% in the Czech Republic. In this study, the size of the firms was measured by the number of employees, as it is recommended by Laevaert (2016). Thereby, 80% represented firms were identified as micro firms, fewer than 10 employees, and 20% as small firms, 10-49 employees (Small and Medium-Sized Enterprises, 2016).

4.2.2.4 Research Analysis

In the analysis of respondents' answers, statements were decomposed and compared with each other; the author was inspired by the Constant Comparative Method known from the

approach of Grounded Theory. *“‘Grounded Theory’ (originated by Glaser and Strauss in 1967) is a well-known and frequently discussed the form of inductive qualitative research. It comprises a methodological approach to qualitative research rather than simply being an analytic or coding strategy.”* (Berger, 2009) Obtained data were initially segmented; thus, individual responses to the questions in the interview were divided into individual statements embodying a selected topic. The topic was then coded. Open coding was applied, contained significance in the interviews was capture no matter to what theory assumes. *“Open coding refers to the first coding phase in which small segments of data (perhaps a word, line, sentence or paragraph) are considered in detail and compared with one another. This process usually generates large numbers of codes from the data level, which encapsulate what is seen to be ‘going on’. Open coding fragments the data, ‘opening’ them up into all the possible ways in which they can be understood.”* (Berger, 2009). Statements, date coding, and snippets then were compared among themselves; central categories were identified and interpretation subsequently was related to them, this interpretation is supplemented by-related categories. Atlas.ti was used for data analysis as it is one of the most popular available software for qualitative analysis (Atlas.ti [Computer software], 2016). *“Atlas.ti can help think more abstractly about the relationships between codes, perhaps as part of conceptualizing the coding scheme. Atlas.ti offers good flexibility and provides many different ways of working to suit different purposes. Functionality goes far beyond code and retrieve, yet if that is all the user needs it is very easy to get to that point. The flexibility provided by the quotation structure and the ability to hyperlink between places in the data is useful.”* (Berger, 2009)

4.2.3 Limitations of the pilot study

The survey was conducted in November 2016. The sample of family businesses was limited to wine trading firm that presented on the annual Czech national wine festival on Saint Martin's Day. The pilot study was carried out by conducting ten face-to-face interviews. All interviewed firms have the residence in the Southern Region in the Czech Republic.

This research focuses on micro and small-sized family firms, which were identified by application of mentioned above definition of family business. The next condition for determination of a family firm is the employment of at least one family member in a family business (Janku & Marek, 2016; Obcansky zákoník České republiky, 2014). Moreover, the two industries are closely related, many vine-growers also make wines; however, some

winemakers do not farm vineyards of their own. This study deals with the grape growing activities of those growers who farm vineyards and make wines simultaneously.

There are also limitations, such as the date of the wine festival (one day), when there was the opportunity to interview. A next limitation of the pilot study is the small number of respondents who were interviewed.

4.2.4 Outcomes of qualitative research

Based on the aforementioned conditions, qualitative exploratory research was conducted, obtained data were analyzed by means of Atlas.ti software. The results allow us to understand the current situation in the research field, confirm viability and reinforce established hypotheses for further research in combination with a theoretical support. The results were divided into three parts according to the main research areas: perception about the family business and its functioning in the wine sector, competitive tactics, and performance of the family business.

4.2.4.1 Perception about the family business and its functioning

Family business perception and definition

Firstly, it is necessary to understand how respondents comprehend the family business phenomenon. A few regularities can be observed in family business perception, based on the statements of respondents. The majority of respondents mentioned that it is connected with several generations taking part in the business life: *“Several generations work in the family firm.”* (Respondent A) Some respondents noted that the intention to transfer business to the next generation is fundamental for the family business despite the risk: *“This is a business that will be transferred to the next generation. This is a very risky type of business, because no one knows if the children will have an interest in continuing the business.”* (Respondent E) This feature that reported by respondents are also reflected in the definition of family business (cited above), subject to further research: *„A family business is one owned and possibly controlled by a family, families, or by selected family member(s), whereas its delivery to the next generation is supposed“.* It should be noted that the mentioned definition of family business contains important lineaments as the ownership and control of the business by the family. That lineaments are mentioned in the respondent' answers: *“Family has full control over the business”* (Respondent A), *“Family business in the wine industry, I understand as a company where the family manages the business and wine cellar after a previous generation.”*

(Respondent F) Respondents also noted the presence of family traditions associated with the production of wine, as a characteristic feature of this definition: *“It is the business of wine making, which based on family traditions from several generations past.”* (Respondent B) Thus, the theoretically composed definition (Chapter 2.1) is reflected in the views of representatives of the family business in the study area and can be used in the further research. Furthermore, the structured map of the major components of family business perception and benefits of family involvement in selected micro and small wine firms in the Czech Republic can be seen in the Figure 10.

Many respondents fully confirm theoretical statements about the impact the family definitely has on the business, simultaneously business has direct impact on the family: *“The main advantage of family business is family traditions that keep the family together, make it stronger, teaching family to solve problems together and find solutions”* (Respondent C), *“The benefit of family involvement in the business is keeping families together. Although, there are diverse frictions as in any business, but it tempers the family and makes it stronger.”* (Respondent B)

It is interesting to note that one of the main benefits of family involvement in the business is free labor: *“Family (especially the narrower family, i.e. children and husbands/wives) provides additional relatively cheap labor.”* (Respondent G) This can be explained by the fact that the involvement of additional external manpower is either a backbreaking or an expensive means for micro and small businesses.

In addition, some respondents noticed that the most pleasant bonus of family involvement in the business is the joint pastime and way of entertainment *“Work on the family vineyard can also be a form of family activities.”* (Respondent F) It is indisputable in the modern era, where the free time of working family members is limited by having a standard eight-hour workday. Thus, the collaboration of family members can be part of group activities and even entertainment, if the work is not of a permanent nature.

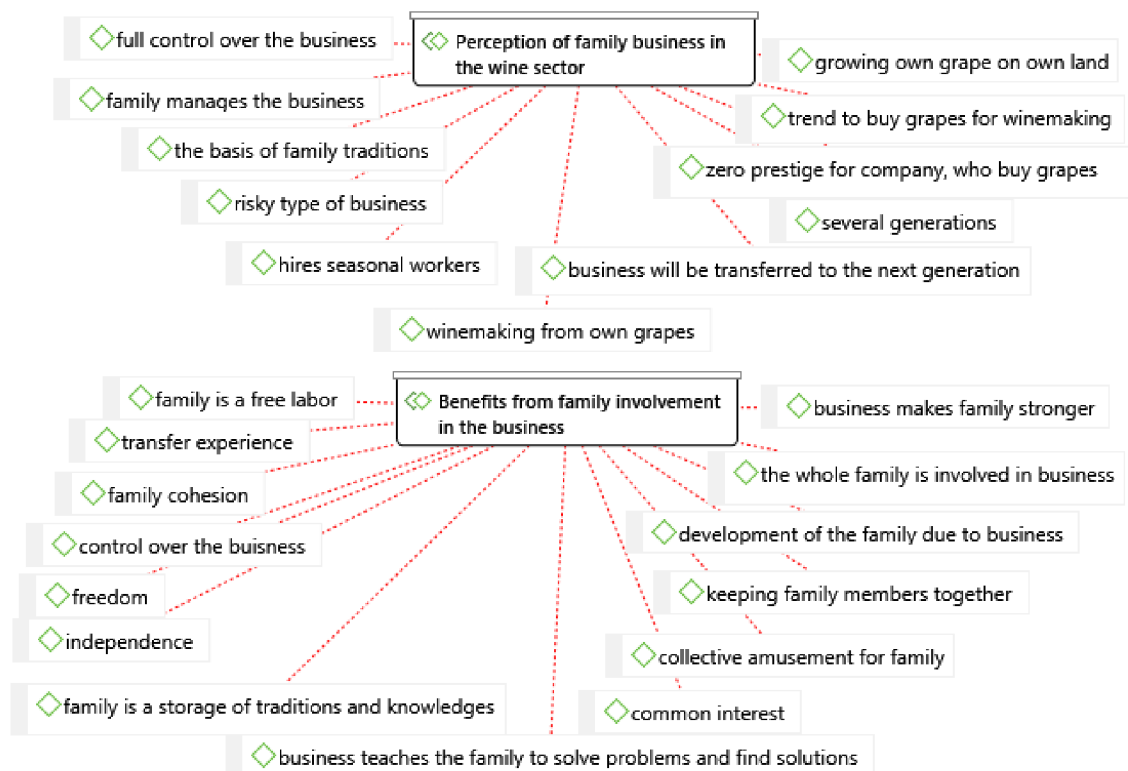


Figure 10 The major components of family business perception and benefits of family involvement in business

(Source Author's composition)

Every respondent claimed they inherited the business from their parents and in most cases, usually the third-generation members, also there is a craft in the second and fifth generation. Despite this fact, most new micro, small and medium-sized Czech enterprises were established after 1989 (Koráb et al., 2008). This shows that wine production and trading has existed for decades and it is improving with each generation.

Family ties

For a better view of the current situation and for further study, respondents were questioned regarding their firm's management and the family member business involvement (the structure of family ties of involved members and their role in business). In most cases, the owner and manager is the same person, this represents the inseparable connection of control and ownership typical in micro and small business. Although in some cases, the separation of control and ownership occurs: *"The official owner is my wife. We have three managers: manager for grape growing, production manager and marketing manager. These managers are our sons."* (Respondent C) Respondents attributed this to the fact that in this way the older

generation tries to make a gradual succession of the business to the younger generation, i.e., first they pass on control over the business, and later ownership.

Family ties represented in this sample are as follows: “father + son + wife of son + brother” represented by 10% of respondents; “mother + son + son” represented by 10% of respondents and family ties “father + mother + son + fiancée” represented by 10% of respondents; one of the most common type of family ties is “father + mother + son” represented by 30% of respondents; and the most common type of family ties is “father + son” represented by 40% of respondents. Based on this pilot study and the aforementioned study of family ties in the wine business in the Czech Republic, tendency of the male predominance in business involvement can be observed. Further studies may identify the causes of this trend.

Regarding family member’s business involvement, in particular, we can observe the basic activities which are associated with vineyard care, grape collection, work in the wine cellar, realization and wine promotion are represented in following statements: “*They care about the vineyard and wine shop*” (Respondent A); “*Mom does the earthmoving in the vineyards. My brother works in the wine cellar. I am doing what is necessary*” (Respondent C); “*Eldest son is also involved in the business, he is responsible for filtering and currently he is studying "wine Arts"*” (Respondent E); “*Me and my father, we are focused on manual work which requires manual strength. Mother works in the wine cellar. Everyone (me, my girlfriend, mother, and father) simultaneously works in the vineyard.*” (Respondent F) Additionally, Figure 11 displays a structured map of the major family ties of family member involvement and their business activities, family business founders, business management of representative sampling can be seen in the.

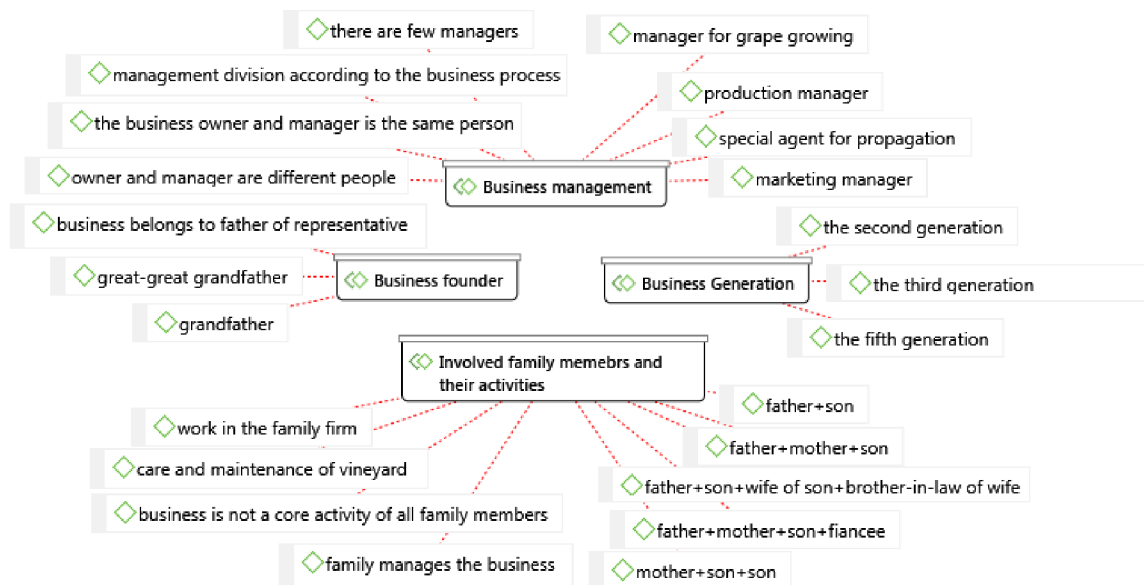


Figure 11 The major family ties of family member involvement and their business activities, family business founders, business management of representative sampling

(Source Author’s composition)

Decision making

For understanding of functioning of family business, it was necessary to investigate the decision-making process within the presented firms. The main result is confirmation of theoretical allegations, decision making about the business is a family process, regardless of the non-involvement of all family members participating in the family business: “We discuss all posers all together.” (Respondent I) This reveals the family has a direct impact on decision-making about the business: “Opinions of family members are valid.” (Respondent B) Moreover, in some cases there was a tendency to hold regular family meetings and discussions about the business and even mentioned the commitment of all family members to be present at such events: “Decision making about the business is a family process, where involved members have a meeting and discuss actual issues.” (Respondent A)

Besides that, one of the most important indicators used in the F-PEC scale is the merge or the presence of common ideas and concepts of the family business and the ways of its development. All respondents narrated per presence of this association: “We create a common business vision together. Our family does not tend to follow someone’s idea blindly about the business.” (Respondent C) “Yes, of course, the family has common goals and views in management ideas”. Again, family meetings were mentioned as a foundation for a successful

discussion and making important decisions: “We organize periodically family meetings where we discuss main issues and business direction.” (Respondent H)

Furthermore, a structured map of the major concepts of business decision making, family participation, and basic respondents’ expressions on this issue can be seen in Figure 12.

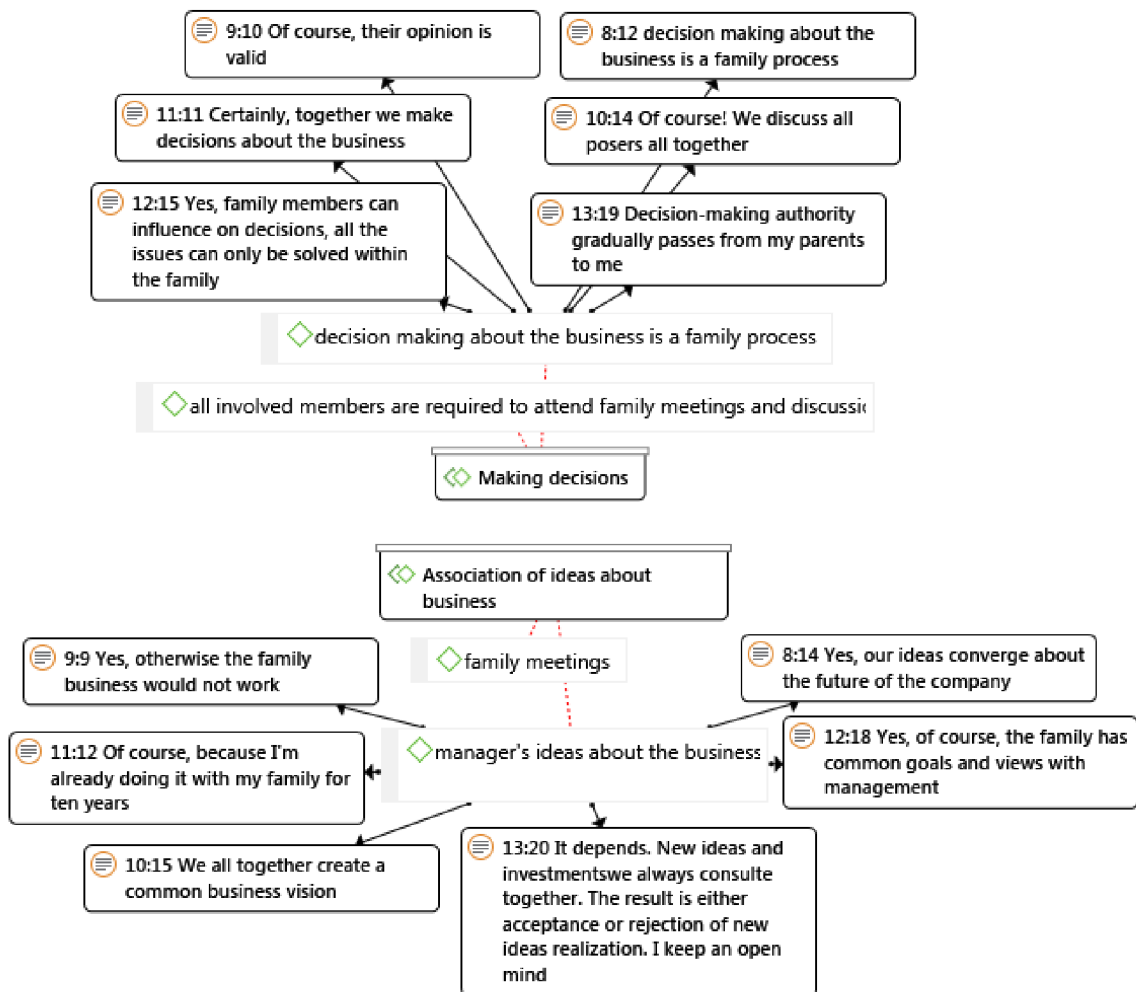


Figure 12 The major concepts of business decision making and family participation
(Source Author’s composition)

Succession

One of the main conditions to be able to define family business is supposing business handover to the next generation (Koráb et al., 2008). For example, it is the second of three key principals of defining family business by Vallone (2013). Previous research results show that out of different definitions this criterion is used very little, that does not lead to study but

it is significant for studying micro and small-family-owned firms in the Czech Republic that represents a great part of all business operations in the country (Petlina, 2016). In the actual research the intention to pass the business on was determined in each case. Without exception, all respondents say they expect further business succession to the next generation: “Yes, the business was originally set up so could continue the business in the future.” (Respondent E) It is worth mentioning one important feature of the proposed succession. Many respondents focused on the existence of one condition in business succession: there is a need for desire and skills within the next generation representatives: “If my children are capable, I will transfer the business to them.” (Respondent A) Moreover, a structured map of the major features of business transfer in micro and small selected wine firms in the Czech Republic is represented in Figure 9.

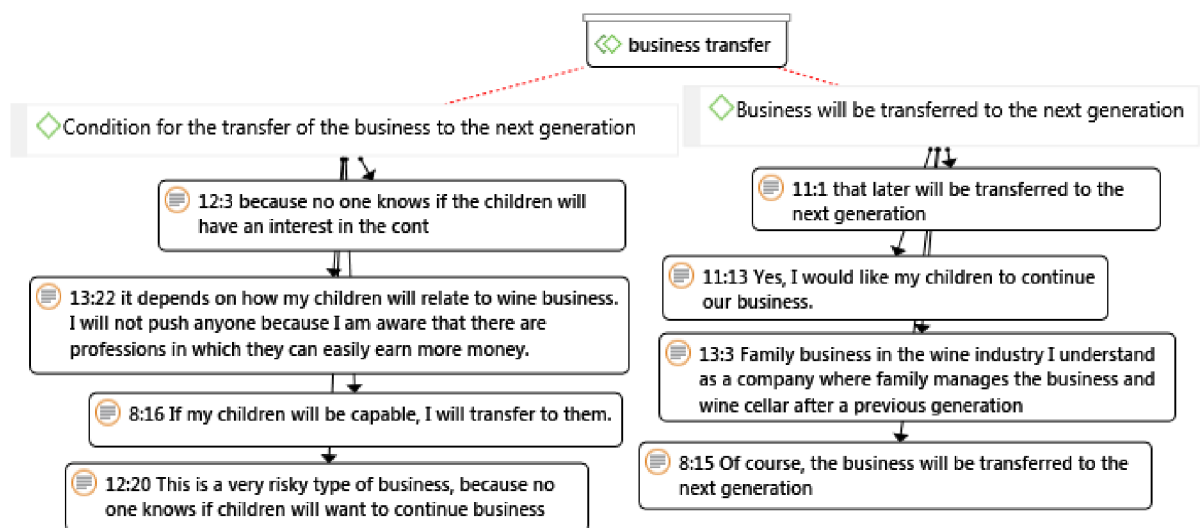


Figure 13 The major features of business transfer in micro and small selected wine firms in the Czech Republic

(Source Author’s composition)

4.2.4.2 Competitive tactics and development direction

With regards to the research objective, it was necessary to discover what kind of competitive tactics and development trends are essential for the representatives of micro and small wine companies in the Czech Republic. In this regard, several main trends were observed.

Quality-oriented Competitive Tactics

One of main responding trends relates to the Quality-oriented competitive tactic. Seven respondents referred to focusing on their wine quality. For example, Respondent H said: “Our

goal is to reach the end customer and offer him the best quality of wine.” “We have absolute control over the quality of the grapes so that we provide customers with the best we have and what we drink.” (Respondent F) This competitive tactic also includes extended customer service that was mentioned in several other responses: “We are doing a show! Look around, does anybody else here have such beautiful decorations, aprons, costumes, and posters in the background? We are doing a show for the customers, we try to present our wine business in the best way. More so, quality wine is behind the show. This means, that at the fair half of the wine representatives simply pour wine, and I can tell you all about wine!.” (Respondent E) Respondent G expressed: “We prefer to meet our clients face to face and offer them additional service: information about the grape cultivation and wine production, wine taste information and combinations with meals.” Therefore, this tactic theoretically involves investment in research that was confirmed by respondents: “In order to keep pace with the time we devote time and available funds for various studies in the field of grape cultivation and experimenting in production of new types of wine and Cuvée.” (Respondent H)

Cost-oriented Competitive Tactics

The second main competitive tactics is Cost-oriented, the use of which has been noticed in three responses. It mainly mentioned efforts to reduce production costs and final product prices: “Of course, we understand that our prices cannot be compared with the prices of huge wholesale companies, despite this, we are trying to stay competitive on this market. We monitor the market prices and try to reduce production costs to diminish the final price of the wine.” (Respondent I) For a detailed review of the major features of competitive advantages and development directions of the selected family firms, Figure 14 represents a structured map.



Figure 14 The major features of competitive advantages and development directions of the selected family firms

(Source Author's composition)

Innovation-Oriented Competitive Tactics

The following trend in the development of micro and small wine businesses represents Innovation competitive tactics. The respondents' answers confirm theoretical claims related to this area. Respondents mentioned renewal of vineyards with use of modern technologies as one of the development directions: “Our vineyards are already relatively old. In the coming years, we will focus on the renewal of our vineyards. We will reduce offered varieties to half while maintaining the same volume of production. This will significantly speed up the processing of the harvest and give us the opportunity to care more about each variety in the processing. Also we plan to use modern technologies, e.g. for irrigation improvement.” (Respondent F) Improvement of agricultural technology including harvesting is also one of the expanding trends: “We emphasize grape cultivation and agricultural technology improvement, as well as focusing on facilitating harvesting.” (Respondent D) One of the popular trends among respondents is developing and simplifying production: “We are working on improving production equipment” (Respondent B); “Currently we are focusing on improvement in wine production” (Respondent C); “Organizing the business nowadays means to follow new technologies and production techniques, so we try to keep up with this” (Respondent H).

Respondent answers indicate that within this ancient craft coexist traditions and innovation. In regards to wine production methods, there are combinations of ancient knowledge, family

customs, time-tested traditional production methods, modern technologies, innovative tools, and machines. In this sense, wine production is unique and worth studying. An example of traditional tools and production methods distinguished by respondents can be found in Figure 15. Respondent A listed the following items associated with classical winemaking: “For example, classical methods are hand picking grapes, grinding, seed removal, fermenting at low temperatures without adding additional yeast.” Partial traditionalism makes this type of activity sophisticated: “Our firm likes to experiment with new technologies. But wine production fundamentals remain unchanged.” (Respondent B) Nevertheless, innovation enables this field to not remain in the past and be a full-fledged modern activity. In Figure 15 the main modern production methods and tools are displayed. Respondent A noted the next example of using innovation results: “With regards to modern technologies, we use a vinificator for red wine, we ferment mash in modern stainless steel tanks for 2-3 days.” “The winery uses new technology for wine "Lavender Dude" production” as claims respondent G. Undoubtedly, such innovation requires a financial investment: “Our production is already completely based on new technologies. For example, controlled fermentation, pneumatic press, vinificator, usage of modern filters, modern bottling line, without these the production process cannot be executed. For further business development, we need a minimum of 150-200 thousand Czech crowns annually” (Respondent D); “Our recent investments in this respect were a stainless-steel water press, which replaced the old hydraulic press. Further investments will aim to replace the measuring devices (e.g. Acidity), to able to dose more accurately, e.g. pyro sulfite.” (Respondent F) The combination of traditional and modern technologies with cultivation, harvesting, and wine production method makes the industry grow and thrive: “We use a combination of traditional and innovative methods” (Respondent E); “We follow old classical methods of wine production, but we use also new technologies” (Respondent A). Most respondents indicated the main feature of the micro and small family businesses in the wine industry is making of wine by heart: “In comparison to big companies, we make wine by heart” (Respondent G); “We are a family winery, we make our wine on our own estate by heart, and customers appreciate that.” (Respondent C)

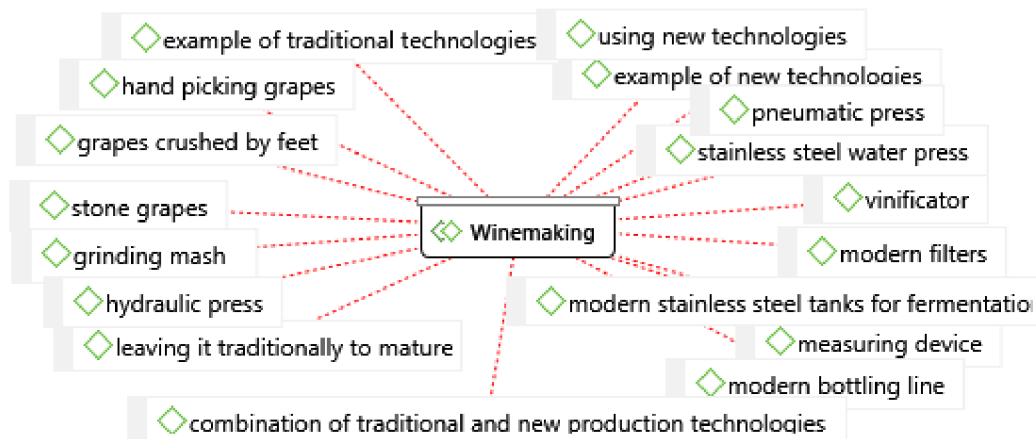


Figure 15 The main traditional and modern production methods and tools used by selected firms
 (Source Author's composition)

Marketing-Oriented Competitive Tactics

Marketing as the further competitive tactic that is mentioned in several interviews. Marketing is reflected in responses as focusing on promoting, advertising, emphasizing of firm and its products in the market: “We expand a various marketing techniques to promote our wines” (Respondent I); “Our business focuses now on implementing of new marketing tools” (Respondent C). Marketing orientation was detected in efforts to create a database of regular customers and retain them: “For the time being, we are addressing potential customers more directly and are trying to build a customer base” (Respondent F). All selected firms presented themselves as modern firms trying to follow the current communication methods, techniques to attract and retain customers. Figure 16 shows the main marketing tools according to respondents' answers.

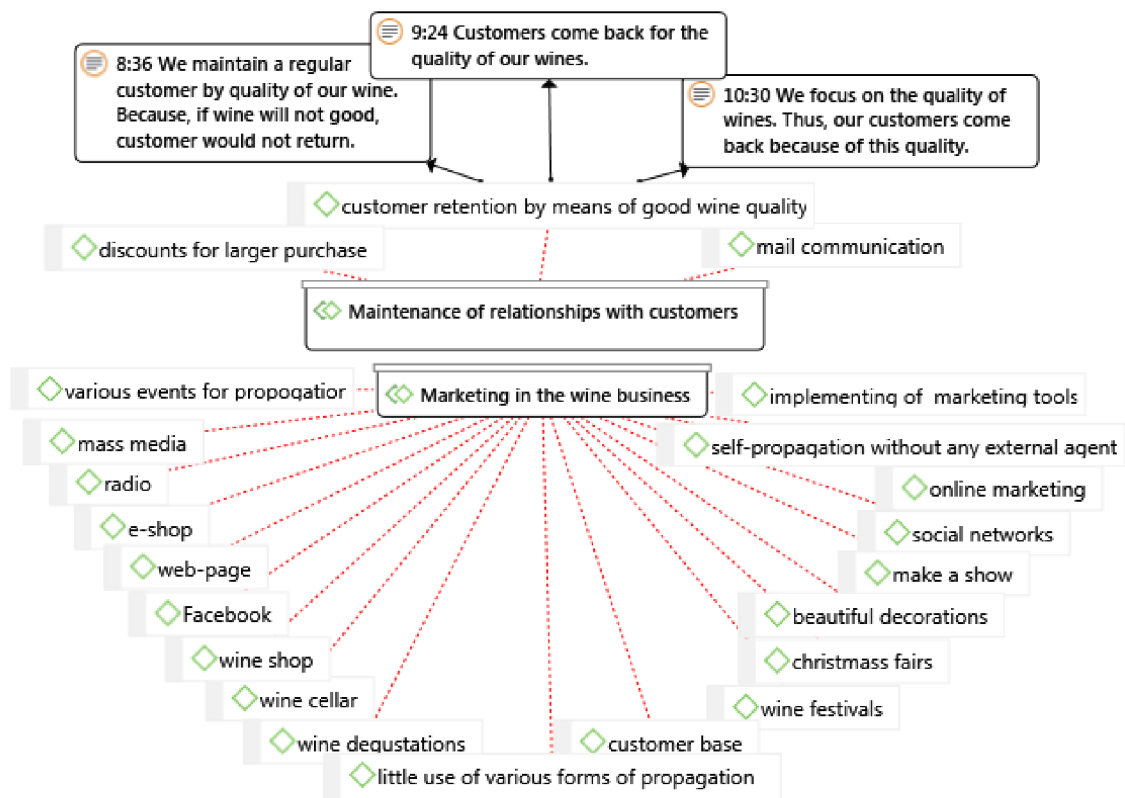


Figure 16 The main marketing tools according to respondents' answers

(Source Author's composition)

Many respondents indicate that they're using online marketing tools (web-pages, e-shops, social media promotion) for their marketing purposes: *"We actively use online marketing tools, particularly social media, such as Facebook"* (Respondent G); *"For product and brand promotion we actively use social networks, for example. Facebook. It works well. Also, we have our own web page and e-shop."* (Respondent D) The radio is also a promotion means: *"Sometimes before a big event we order advertising in mass media such as radio"* (Respondent D); *"On occasion we use radio."* (Respondent C) Event marketing is very popular among the respondents: *"We organize different events for customers. The most effective are public wine tastings public"* (Respondent D); *"New customers can get to know about us on wine tastings."* (Respondent A) Some firms employ a special agent for this: *"Our firm has a special agent who is responsible for events, such as wine festivals, Christmas fairs etc."* (Respondent B). Some firms cannot afford a special agent for such purposes because it requires additional costs beyond the budget of starting wineries: *"We self-promote without an*

external agency.” (Respondent A) Respondents mentioned wine quality as a mean for customer retention (Figure 16).

Family business performance

In regards to the research task, it is necessary to identify the performance perception about micro and small wine businesses from a practical perspective, taking into account that it is a family business. Several regularities can be observed in perception about family business performance based on the following statements. The respondents mentioned that it relates to financial and non-financial measures. From a finance perspective respondents noticed a profit: *“I understand business performance with the help of turnover and profit analysis.”* (Respondent E) The respondent is using two measurements, which also include turnover. Respondent C claimed a slightly different approach for business performance measurement: *“We are still developing. Therefore, our company does not report a profit. But we are tracking our turnover, which is constantly increasing.”* Other non-financial measures are number of sold wine was applied to explain business performance: *“I would say, our performance is increasing along with the increasing amount of produced and sold wine bottles.”* (Respondent A) The addition of number of sold wine, that respondent mentioned as number of produced wine. *“I understand business performance by means of number of produced wine. Our business production grows by 10 percent per year on average.”* (Respondent D) It is specifically true for the wine industry. Because wines that were made in a certain reporting period are not necessarily sold in the same period, because some wines need to be stored to mature before being sold. It may take from several months to several years for the wine to age. In addition, there are archival wines, which are sold decades after their production. Respondent F implies a ratio of produced and sold wine: *“We evaluate business performance by the ratio of produced and sold wine. We cannot measure in absolute numbers, unfortunately, due to the strong dependence on weather conditions throughout the year.”* This respondent made the important observation that their firm keeping track of such measurement in absolute numbers is arguable because, different measurement periods have different conditions. Performance measurements according to respondents’ answers are displayed in Figure 17.

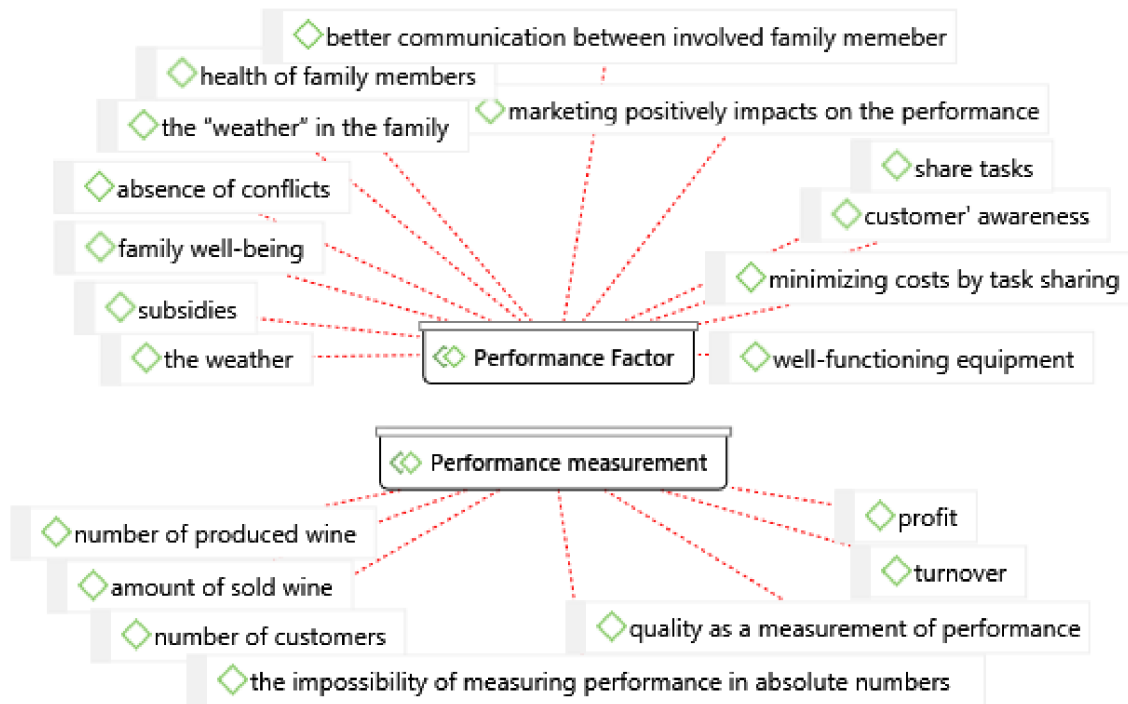


Figure 17 Performance measurements and factors influencing business performance according to respondents' answers

(Source Author's composition)

The applied measurement for business performance that respondents mentioned is customer measures: “We evaluate our business performance through the number of customers, if this number is increasing that means our performance is also increasing.” (Respondent I) Customer satisfaction was marked as an important measurement for business performance: “For us it is especially important to see that our customers are satisfied with the quality of wine, packaging, service, additional options etc.” (Respondent G) It is worth noting either that wine quality itself is considered as a measure of business performance: “We are very happy when we know that the wine quality increases that shows us that we are moving in the right direction and our business performance increases.” (Respondent D) Thus, respondents use various tools to describe to explain and evaluation of business performance. Multidimensional aspects and hybrid measures are used, which confirms results of other studies (Simson et al., 2012).

There are several tendencies in the factors influencing business performance of micro and small family wine businesses (see Figure 17). As the one of most influential external factors respondents named the weather, which consequently affects the harvest in quantitative and

qualitative ways. The next external factor are subsidies: “Subsidies have positive effect on the business performance. For instance, this year we used subsidies to restructure vineyards.” (Respondent C) Respondents later put more emphasis on internal factors that affect business performance. It is worth noting that a significant portion of the factors which are connected to the fact that it is a family business, and that factors are based on family influence, on business, and vice versa: “The most important factor for wine makers is the weather in the general meaning and the “weather” in the family” (Respondent A); “Family well-being, absence of conflicts, health of family members” (Respondent E); “One of the main factors of success is better communication between involved family members” (Respondent H); “I think that the main factor is a healthy relationship in the family.” (Respondent G) In addition, Respondent J added that they minimize costs by task sharing as a part of the factors influencing the business performance: “Our output is affected by various factors. For example, by minimizing costs. We try to avoid such things as having the same task done by people with different procedures. Therefore, we share tasks among ourselves and determine the possible resources.” Besides, respondents mentioned customer awareness as a factor: “Customer awareness about our business and our products directly affects our business.” (Respondent I) Customer awareness is influenced by emotions (cognition, affection, and conation) and customer purchasing intention, thus, affects the number of products sold. In regards to, other factors influencing business performance respondents noticed well-functioning equipment: “Any winery function properly without properly functioning equipment. So, we always need to take care of it, repair in time, keep in perfect condition” (Respondent H); “Apart from the fact that production capacity should always be in order, you must also have modern and high quality equipment” (Respondent G). Respondents recognize the usage of new technologies as an important contributing factor to their business: “The implementation of new technologies saves time in the future and allows you to reach a new level of quality, production, and positive impact in reducing production costs” (Respondent B). The last of the principal factors is marketing that positively impacts business performance, based on respondents answers: “The correct use of marketing tools enables attaining good business performance” (Respondent F); “Using of marketing tools directly effects our business.” (Respondent B)

4.2.5 Discussion and findings

4.2.5.1 Perception about family business and its functioning

The overall picture of the respondents' perception of the family business phenomenon is as follows. Generally, micro and small family businesses in the wine sector, based on respondents' statements is a business where several family generations are involved and family has full ownership and control over the business. Moreover, respondents noticed that this type of business supposes that the family manages the business after a previous generation and has the intention to transfer the business to the next generation. That last criterion corresponds to theoretical background where that intention is the second of three key principals determining family business according to Vallone (2013). The results of previous research show that such criteria supposing delivery of the business to the next generation is crucial for micro and small family firms (Petlina, 2016). Besides, respondents marked the existence the condition of business succession: there is an obligation or demand for skills in the next generation representatives. Thus, we see the absence of the strict duty to continue the family business. It is important to mention, that many of the respondents' family members have other jobs, and working for the family in the wine business is secondary.

Most respondents confirm the theory based statement that family has an influence on the business, as the business has a direct influence on the family. Moreover, respondents mentioned the benefits of family involvement in the business such as free labor, joint pastime, entertainment option, and keeping the family together. The interviews concentrated on the decision-making process in the selected firms. It was found that decision making about the business is a family process, regardless of the non-involvement of all family members in the family business. It discovered that the family has a direct impact on decision-making about the business. Moreover, in some cases a tendency to have regular family meetings and discussions about business issues was detected, which gives grounds for the prolongation and development of strategic ideas and competitive tactics (Aronoff & Ward, 2011). The relation of common ideas of family and business managers about the business was investigated. All respondents confirmed the overlap of ideas of family and of business managers when tackling business issues and development directions. The family meetings were mentioned again as a foundation for a successful discussion and important decision making.

Based on the interviews, it is possible to draw a general picture of the respondents' business structure, family ties, ownership, and management. All respondents inherited the business from their parents. Most represented businesses have been developed by the third generation, also the craft represented by the second and fifth generation. Even though most new micro, small and medium-sized Czech firms were established after 1989; wine production and trading existed for decades and is improving with each generation (Korab et al., 2008). According to respondents' answers, the business owner and manager is the same person, which indicates an inseparable link between ownership and control which is typical for micro and small business. But in several cases, there is a division of ownership and management. That can be ascribed as gradual succession of the business from parents (owners) to younger generation, thereby firstly, they transfer the business control (management) and then the business ownership. This provides a great opportunity for further deeper study of this issue. The most common type of family ties in this sample is "father + son" that is represented by 40% of respondents that confirms results of previous studies in this field (Murinova, 2017). Accordantly, based on this research and the study of family ties within the wine businesses in the Czech Republic, we can observe that there is a tendency of male predominance in the involvement in business within this sector. In the following research, the focus on the causes of this trend and female involvement may be appropriate. The main business activities of involved family members are associated with vineyard care, grape collection, work in the wine cellar, realization, and promotion of wine.

Competitive tactics

One of the research objectives was to shed light on possible factors influencing the business performance that are associated with the use of competitive tactics. After establishing the theoretical background, it was essential to clarify the presence and meaning of competitive tactics as well as development orientation of the respondents' business. In this respect, several trends were formulated confirming certain proposed theoretical competitive tactics (Quality, Cost, Marketing, and Innovation) (Castillio-Apriz, Matey, 2015). The presence and following of these four competitive tactics were confirmed by respondents. The first relates to Quality as a competitive tactic resulting in focus on extended customer service and the wine quality of the respondents' own business. This also includes investment in research associated with business development, e.g. modification of the grape variety used in wine production or

Cuvée invention. As Covin, Slevin and Heeley (2000) point, both pioneers and followers benefit from a quality orientation.

The next investigated competitive tactic is Cost orientated. Research also confirmed the presence of this tactic. This tactic manifests itself in the tendency of a few respondents to reduce production costs and final product prices. Market followers conform with this tactic, in sum, the firm that adapts to the ideas or inventions of pioneers. Innovation is also one of the main competitive tactics. The respondents' answers confirm the theoretical statements related to this field. In general, competitive tactics as Innovation in micro and small family wine firms include the following aspects: vineyards renewal with the use of modern technologies, irrigation modifications, improvement of agricultural technologies (including harvesting facilitating), developing and simplifying production with help of new technologies and techniques. It should be noted that the studied field is a unique and interesting craft combining ancient knowledge, family customs, time-tested traditional methods of production and modern technologies, innovative tools and machines. Thereby, one of the important results that there is a coexistence of both traditions and innovations that is the main instigative feature of this sector. Keeping traditions alive is important for teaching the next generation. Innovation enable this field to become a full-fledged modern activity. It should also be noted that an important feature of the micro and small family companies in this field is making of wine by heart. This peculiarity noted by respondents is a characteristic feature of their micro and small businesses, which cannot compete with the wholesale manufacturers. Thus, respondents say that they do their job honestly and this is an important reason for their customers.

The study deals with the perception of wine marketing and its tools as competitive tactic of micro and small family wine firms. Respondents' statements confirm the presence and use of marketing in their business. An interesting finding was made in perception statements reflecting the focus on promoting, advertising, emphasizing of firm and its products on the market. The respondent claimed that the main purpose of marketing is to create a loyal customer base and retain it. The perception of marketing's purpose to drive sales was secondary. The focus on their promotion emphasized quality as a mean for customer retention. Every interviewed firm identified itself with using modern and convenient ways of communication with customers. Respondents mentioned these marketing tools: online

marketing (web-pages, e-shops, social media promotion, Facebook being the most popular), radio, promotional material in wine shops, event marketing (wine tasting, fairs, shows, wine competitions, and exhibitions). In some cases the external marketing agents are involved in the business processes, but other firms claim that they cannot afford them, so they prefer to do their own marketing.

Family business performance

There are several consistent patterns resulting from respondents' statement: financial and non-financial measures are used for business performance measurement. As a financial measure, profit and turnover were mentioned. In some cases, profit was not considered as an appropriate measure due to the firm's small size and inability to be profitable. Therefore, turnover is a meaningful measuring for this business. In addition, sales (number of sold wine) and number of produced wine were mentioned to be particularity for the wine industry. Since, wines that were produced in a certain reporting period are not necessarily sold during that period, because some wines need to be stored to mature before released on the market. In various cases, it may take diverse periods from several months to several years. Furthermore, there are archival wines, which may be sold decades after their production. The ratio of produced and sold wine is also used to measure business performance. Since, respondents emphasize the difficulty to measure business performance in absolute terms due to the dependence on weather conditions differing each year. Furthermore, business performance is assessed with customer measures, such as number of customers and customer satisfaction. It is worth noting that either wine quality itself is viewed as a measure of business performance. Summarizing the results, respondent described a several different tools for business performance measurement explanation and estimation. This trend reflects the theoretical background that this is the right way to measure business performance. There is no or little coherence on how to measure performance of a small firm, which is best approached by case (Richard, Devinney & Johnson, 2009; CheZuriana & Mohamed, 2011). But multidimensional aspects, hybrid measures and improved performance indicators were proposed as it is strong enough to grasp different approaches (Simpson, Padmore & Newman, 2012).

The principal external factors are the weather which consequently affects the harvest in quantitative and qualitative way along with subsidies. Then, respondents accent on internal factors that affect the business performance. Most of these factors are connected to the fact

that this is a family business, and these factors are based on the family's influence on business and vice versa. Following trends were identified: "weather" in the family", family well-being, absence of conflict, family member health, better communication between involved family members, healthy relationships within the family, minimizing costs by task sharing. These findings confirm the presence of family influence on business and vice versa.

Cost reduction is cited to be one of the competitive tactics. The open-ended question concerning "customer awareness: conforms quality to be present as a competitive. Emotions (cognition, affection, and conation) influence customer awareness and customer purchase intentions, thus affects the number of products sold. Other factors are well-functioned equipment and usage of new technologies, which we can attribute to Innovation as a competitive tactic. The last factor connected with the family business performance is marketing.

4.2.6 Conclusion of the pilot study

A family firm as a form of business is recognized as unique and different from non-familial business due to the double impact of the business and the family itself. These processes affect the business performance of micro and small family-owned firms in the Czech Republic which represent a great part of all business operating in the country (Petlina, 2016). The purpose of the pilot study was achieved to understand the current situation and create a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research. The wine business was chosen as a representative developing sector where ancient craft coexists with family traditions, customs and modern trends. The pilot research was based on ten interviews with representatives of micro and small wine family firms that revealing the following trends according to established objectives. The works of Dess and Devis (1984); and Castillio-Apraiz and Matey (2015) compose the basis for further research of principal competitive tactics connected with business performance. Their work served as the foundation for the development of the research framework and drafting questions for the respondents. The questions were organized into the following units: perception about the family business and its functioning, competitive tactics as Costs, Quality, Innovation and Marketing and family business performance.

Summing up, it can be stated that the pilot study's research objectives were completed. The interpretation of perception about basic concepts related to the factors that can affect the

performance of micro and small family businesses in the wine sector was defined. Based on a literature review, the main competitive tactics as possible affecting factors, which were later confirmed in the conducted interviews were selected. The dependent variable was a family business performance. It has multidimensional aspects of measurement. The independent variables are mention competitive tactics. This research confirmed the authority of utilization of competitive tactics and its ability for application in the further primary research.

That pilot study contributes to hypotheses formulation in the Chapter 1.2. The conceptual framework of family business performance and utilization of competitive tactics of micro and small family business in the wine sector in the Czech Republic will be used in the following primary quantitative research with some modifications based on additional literature review.

4.3 Quantitative research: questionnaire survey

This chapter presents the process and findings of quantitative research. This research includes a questionnaire survey.

4.3.1 Variables of research and their indicators

4.3.1.1 Performance

Performance is the dependent variable par excellence in competitive tactics' field, because the final goal is determination and research the various variables that impact on firm's different outcomes. For making assay of these variables this study will contribute to the research of certain factors that help to reach the best performance in the field.

In this study the performance will be used as a dependent variable; and due to a risk to getting lost in a mix of measures, items and authors, we avoid to make reference to every work that has researched family business performance, only briefly denoting the main features of that. Thereby, we will focus on the dependent variable of works that research competitive tactics, and after we will turn to some studies connecting competitive tactics and generational stage. The performance plays important role in the competitive strategy's field. It is important to know what effect each tactic has on the performance; also important is what aspects of performance are examined. There is only one way to achieve a true competitive advantage when appropriate measurement of performance is used (Teeratansirikool, Siengthai, Badir, & Charoenngam, 2013). The analysis of most important studies about competitive tactics is presented in Chapter 3.3 and summarizing of the performance measures in Chapter 3.2. The fact is the firm can have goals that are frequently mismatched (Ferrier, Fhionnlaoich, Smith

& Grimm, 2002) Thus, the firm must choose between varieties of basic goals, which will focus on its activities. Summing up, the performance as a multidimensional construct containing a few aspects that together can define more generally the results of the firm (Parnell, 2002) and not concentrate only on financial measures as other research do (Castillo-Apraiz & Matey, (2015).

Consequently, the features and difficulties of collecting qualitative and financial information from family firms and micro and small firms have already been described in detail above (Dess & Robinson, 1984), where this is too difficult and risky (Dess & Robinson, 1984). Therefore, taking into account all caveats and recommendations, the following decisions were made regarding the data collection. Considering the most important previous studies, it was decided to obtain subjective data from the business owner as the person who is “more critical in the development and assessment of the strategy and results of the firm that targets some indicators” (Moreno et al., 2007). It should be repeated that some authors criticize the application of subjective measures, but some others such as Dess, Lumpkin and Covin (1997) assume that they are not poor. In addition, subjective measures of performance usually have high levels of correlation with objective measures (Dess & Robinson, 1984).

Many studies in the field examine a 3-year period as suitable (Acquaah & Yasai-Ardekani, 2008; Akan et al., 2006; Covin et al., 2000; Ruiz-Ortega & Garcia-Villaverde, 2008; Spanos & Lioukas, 2001; Castillo-Apraiz & Matey, 2015), so in our case this time horizon for the analysis will be applied.

This study uses the tool when family firms compare their measures with other firms in the same industry and with similar features. According to the pilot study, family firms in the field have an overview of operating competitors. Thus, according to fact that we analyze only wine family firms, it is not necessary to include adjustment variables that aim to minimize the distortion that a membership in different sectors may cause on different measures of performance. Other studies, which have not included such variables, have specially assumed this may have a serious limitations (Allen & Helms, 2006; Camisón et al., 2004; Covin et al., 2000; Dess et al. 1997; Coeurderoy & Durand, 2001; Hambrick & Schechter, 1983; Spanos & Lioukas, 2001; Castillo-Apraiz & Matey, 2015).

As a measures of business goals of family firm (including the personal goals of family business leader mentioned above), this study applies the reference Akan et al. (2006) and

Allen and Helms's (2006) scale, with a Cronbach's alpha of 0,95, who adopted Dess and Robinson's scale (1984). Dess and Robinson (1984) effort to measure performance in the absence of objective measures because of complexity, which scholars in the field of strategic management encounter. Besides the authors assume that economic profitability is better to measure with objective measures when possible, they are convinced that subjective measures are not worse demonstrating it by a significant and positive correlation between objective and subjective measures (as for the return of assets (ROA) as for growth in sales). In spite of the fact, "if we analyze an intra-sector sample, the chosen scale admits prospective comparisons with firms acting in other industries" (Castillo-Apraiz & Matey, 2015).

It should be emphasized again, that the performance construct has the multidimensional nature, especially in family business case (Cameron, 1978; Chakravarthy, 1986). Business activity and processes can lead sometimes to positive and negative results on a various performance dimension. For instance, huge investment in R&D and product innovation can help a firm successfully enter new product-market domains and as a result strengthen sales growth in the long run (Lumpkin & Dess, 1996). Nevertheless, necessary resource commitment can deprive short-run profitability. Therefore, in order to avoid a misleading descriptive and normative theory building, it is necessary to focus not on one or a narrow range of performance construct (e.g., multiple indicators of profitability) (Lumpkin & Dess, 1996). Thereby, it was decided to include multiple as financial as not financial performance measures.

In sum, the situation of each selected family firm was analyzed comparing with its competitors based on the following performance measures (Table 7): Net profit (Q₁), Cash flow (Q₂), Sales Growth (Q₃), Market share growth (Q₄) and Overall performance (Q₅).

Table 6 Items that define Performance

Variable		Items		Source
V ₁	Performance	P_netprof	Net profit	Naldi et al., 2007; Wiklund & Shepherd, 2003; Mani & Lakhali, 2015
		P_cashfl	Cash flow	
		P_gr_netw	Growth of net worth	
		P_gr_sal	Growth in Sales	Akan et al., 2006; Allen & Helms's, 2006; Dess & Robinson, 1984
		P_markshagr	Market share growth	
		Overall_perf	Overall performance	Lumpkin & Dess, 1995; Lumpkin & Dess, 1996; Lumpkin & Dess, 2006
		P_mainfamhar	Maintaining family harmony (Family harmony is an important goal in making my business decisions)	Chrisman et al., 2012
		P_soacstat	Social status (The social status of my family is an important factor in making my business decisions)	
		P_firreput	Reputation of the firm (My business is closely linked to the identity of my family)	

(Source: Author's composition based on the studies: Naldi et al., 2007; Wiklund & Shepherd, 2003; Mani and Lakhali, 2015; Chrisman et al., 2012; Lumpkin & Dess, 1995; Lumpkin & Dess, 1996; Lumpkin & Dess, 2006; Akan et al., 2006; Allen & Helms's, 2006; Dess & Robinson, 1984)

Moreover, "overall performance" as a performance measure has been applied in other researches: (e.g., Lumpkin & Dess, 1995; Lumpkin & Dess, 1996; Lumpkin & Dess, 2006). As Lumpkin and Dess (1996) noted, this indicator is useful for incorporating the firm's goals, objectives, and aspiration levels as well as other indicators of broader stakeholder satisfaction. In their work authors marked an interesting feature of small privately owned firms: factors such as overall satisfaction and nonfinancial goals of the owners should be considered more attentively in evaluating performance because the goals of that firms are often different than others. For instance, a firm can consider its continued existence as a satisfactory indicator of high performance, even though it cannot affirm to have a strong return on assets or growth in market share (Lumpkin & Dess, 1996). The item Q₅ is more forked than other measures for performance; it assembles all others items together, which represents variable Performance in a more accomplished picture.

Since we are dealing with the family business, then, as noted earlier, to measure the specific goals of this type of activity, we also analyze special indicators. As the family represents a prevailing coalition in the firm, the family firm is most likely to pursue non-economic goals rather than economic, where non-economic goals reflect the special interest of the family (Chrisman Chua, Pearson & Barnett, 2012). Moreover, family business scholars point to

several unique features of family firms that allow them to strategically organize their business activities efficiently and effectively. According to Hoffman, Hoelscher and Sorensen (2006), the unique features that distinguish a family business from other businesses is the impact of the family relationships on the business. These relationships are disclosed in the following characteristics. The reputation of family firms is more trustworthy and experience a lower overall transactions cost (Tagiuri & Davis, 1996). Family firms are prone to build social relationships and bonds and are known to have the integrity and commitment to keep those relationships (Miller, Lee, Chang, & Le Breton-Miller, 2009). Following the recommendations of last studies in this field, we decided to use validated scales of the additional following items to measure the family business performance: Maintaining family harmony (Q6), Social status (Q7) and the Reputation of the firm (Q8) (Chrisman et al., 2012; Zellweger & Nason, 2008). Furthermore, the pursuit of non-economic goals determined as those which do not have a direct tangible monetary value (Zellweger, Nason, Nordqvist & Brush, 2013) are extremely important in family firms (Mani & Lakhali, 2015.). Family business managers prefer to pursue mixed goals (Chua et al., 2012; Gedajlovic, Carney, & Kellermanns, 2012).

Summing up, respondent were asked to indicate if their past performance for last three years (2015-2018) was below average, average, or over average than their competitors in terms of net profit, cash flow, sales growth, market share growth (Naldi, Nordqvist, Sjöberg & Wiklund, 2007; Wiklund & Shepherd, 2003). All items were measured on a five-point Likert scale ranging from 1 (“below average/not agree”) to 5 (“the highest importance/agreement”). In line with Kellermanns and Eddleston (2006), an overall performance score was calculated. Subjective measures have been displayed to be important (Richard et al., 2009; Sciascia & Mazzola, 2008) because it is hard to obtain objective performance data. Respondents are sensitive to publicly release details of financial firm performance (Eddleston et al., 2008; Lindow, Stubner & Wulf, 2010) because family firms are commonly privately held (Holt et al., 2012) concretely within the Czech context where is the generality of Czech wine family firms are private units (Collins & Hussey, 2003). Moreover, Eddleston et al. (2008) demonstrated that subjective measures have been correlated highly with objective performance data. Besides, respondents were asked to indicate level of agreement to the following items: “family harmony is an important goal in making my business decisions,” the

social status of my family is an important factor in making my business decisions,” and “my business is closely linked to the identity of my family” (Chrisman et al., 2012). Previous studies have shown that an applying of non-economic goals to evaluate the performance may be a proper decision within the family business (Lumpkin & Dess, 1996; Wayne & Moores, 2010).

Summing up, we asked the owner to rate the performance of their family firm by utilizing an eight-item, five-point scale, developed by Miller (1983) that covers the two proposed dimensions: business and family performance. This scale has documented reliability and validity (e.g. Covin et al., 1989; Wiklund & Shepherd 2005). Our measure demonstrates acceptable reliability, with a Cronbach's alpha of 0.905.

4.3.1.2 Competitive tactics

In order to measure competitive tactics, we use an adaptation of the 17 items scale proposed by Ruiz-Ortega and Garcia-Villaverde (2008) and used in Castillio-Apraiz and Matey’s work (2015). That is, a modified version of the scale proposed Robinson and Pearce (1988), which in turn modified version of the scale proposed by Dess and Davis (1984).

Table 7 Items that define competitive tactics

Variable		Items		Source
V2	Quality	Q_custom	Extensive customer service	Dess & Davis, 1984; Robinson & Pearce, 1988; Ruiz-Ortega & García-Villaverde, 2008; Castillo-Apariz & Matey (2015).
		Q_proRD	Process orientated R+D	
		Q_qu_cont	Strict quality control	
		Q_reput	Reputation in industry	
		Q_broad_range	Broad range of products	
V3	Cost	C_low_pr_s	Low priced market segment	
		C_lowcost	Lowest cost per unit	
		C_pric_b_comp	Pricing below competitors	
V4	Innovation	I_newpd	New product development	
		I_highprseg	High-priced market segments	
		I_special_prod	Specialized products	
		I_establish	Develop and refine established products	
V5	Marketing	M_brand	Brand identification	
		M_distr	Influence in distribution channels	
		M_innov_mtech	Innovation in marketing techniques	
		M_promo	Promote and advertise above industry	
		M_q_adv	Efforts in quality of advertising	

(Source: Author’s composition based on the studies: Dess & Davis, 1984; Robinson & Pearce, 1988; Ruiz-Ortega & García-Villaverde, 2008; Castillo-Apariz & Matey, 2015)

The detailed explanation of each competitive tactics has already described in the Chapter 3.4.

4.3.1.3 Generational stage and control variables

This study includes five control questions according to the following aspects: firm size, firm age, family ownership, educational level and specialization. Besides that, the dummy variable as the generational stage was applied in the research, see the Table 9.

Table 8 Items that define generational stage and other control variables

Control variables		Items	Source
Firm size	Con_siz	Number of employees	Chrisman, Chua, & Sharma, 2005
Firm Age	Con_age	Number of years since inception	
Family ownership	Con_own	Percentage of the firm owned by the family	Carr et al., 2011; Maury, 2006,
Generational stage	Gen_stage	Generation that controls the family business	Cruz & Nordqvist, 2012; Kellermanns & Eddleston, 2006; Kellermanns, Eddleston, Barnett, & Pearson, 2008

(Source: Yosra Mani & Lassaad Lakhali, 2015; Naldi et al., 2007; Wiklund & Shepherd, 2003; Chrisman et al., 2012; Carr et al., 2011; Maury, 2006; Chrisman, Chua, & Sharma, 2005; Chrisman, Chua & Sharma, P., 2005.)

The control variable as *family ownership* was used (Carr et al., 2011), because basing on Chrisman et al. (2012), family involvement in the ownership of the firm will provide it the power and legitimacy to impact firm goals since it represents the major group within the family business (Arregle et al., 2007; Carr et al., 2011; Chrisman, Chua, & Sharma, 2005). Thereby, we measured this item by percentage of family ownership by asking the owner of the firm to specify the percentage of the firm owned by the family (Mani & Lakhali, 2015). This is in accordance with the definition of Maury (2006). Moreover, this item is necessary to check if the firm is suitable for our chosen family business definition in the absence of an official law on the firm's affiliation to the family business in the Czech Republic. A firm is usually considered to be a family firm when > 50% of its equity is owned by a family and the family has a presence in the firm's management and governance (Westhead & Cowling, 1998). Furthermore, as the nature differentiating family firms from other firms is cross-generational sustainability (Chua, Chrisman, & Sharma, 1999), we considered family firms to be those whose owners reported a pursuit of transferring the firm to the next generation (Blanco-Mazagatos et al., 2018). Thereby, we avoided including family firms without the intention of continuity.

The *firm size* was measured by the number of employees (Agarwal, 1979; Chrisman, Chua, & Sharma, 2005). Therefore, considering that we are dealing with micro and small firms, we have examined family involvement not only in terms of the family stage with respect to the number of generations in the business as is the case in most literature (Gómez-Mejía, Haynes,

Núñez-Nickel, Jacobson & Moyano-Fuentes, 2007; Schulze et al.2003; Chua, Chrisman & Sharma, 2003) but we have also considered which family members are working in the family business. Thereby, we asked the owner directly who from the family is working in the business.

The *firm age* was measured by the number of the years since the firm was established (Chrisman, Chua, & Sharma, 2005). The oldest year of establishment is used, since businesses have merged in the past, or changed their name (Annunziata, Pucci, Frey & Zanni, 2018). The firm's age is an important control item since it is connected to brand building programs that are very typical in the wine sector (Annunziata et al., 2018; Beverland, 2006).

Last researches have assumed that heterogeneity among family firms might be even greater than the heterogeneity between family and non-family firms (Chua, Chrisman, Steier, & Rau, 2012). One of the most significant origins of heterogeneity among family firms is the *generational stage* (Gomez-Mejia et al., 2011), because based on the literature ties among family members weaken with each succession (Gomez-Mejia et al., 2007). Generational stage reduces the toughness of family ties that can impact the significance that family members place on family and economic goals (Sciascia et al., 2014). Relying on literature, with the growth of generations, there is a tendency to weaken the identification and commitment of family workers, which may affect their motivation (Le Breton-Miller & Miller, 2013). In fact, family workers in the first generation tend to behave in ways that go beyond economic rationality (Davis et al., 1997; Donaldson & Davis, 1991). They try to do the best to contribute to the development of business, not even getting a pecuniary reward at the same time (Mayer & Schoorman, 1992). Usually, this stage is characterized by the acquisition of new knowledge and skills for achieving family goals even without motivation-enhancing practices similarly as for family employees (Blanco-Mazagatos et al., 2018). With the growth of generations of the family firm, family ties become weaker between family workers, and the identification of family members with a family firm can decrease (Cruz et al., 2011), that negatively impact on commitment level of family workers (Gedajlovic, Lubatkin, & Schulze, 2004; Tsui-Auch, 2004). The generational stage can be defined as the generation that controls the family business (Cruz & Nordqvist, 2012; Kellermanns & Eddleston, 2006; Kellermanns, Eddleston, Barnett, & Pearson, 2008). To measure the generational stage of the firm, we constructed an ordinal scale with the information taken from the questionnaire (Bammens et al. 2008; Davis

and Harveston, 1999; Sonfield and Lussier, 2004). The scale measured whether the family firm was a first- (coded as 1), second- and later-generation (coded as 2) firm (Blanco-Mazagatos et al., 2018). This dummy variable was generated accordingly: it is consistent with previous researches that have dealt with generational issues in family firms (Davis & Harveston, 1999; Schein, 1983).

Thereby, all measures for independent and dependent variables were derived from previously validated scales.

4.3.2 Framework and methodology of the quantitative research

The purpose of the quantitative research is to confirm or deny the hypothesis. This survey answers on the questions as “what is the relationship between competitive tactics and performance for selected firms, and what is the relationship between this variable in regard to the generational stage?” The details of the methodology are presented in Chapter 1.3 and Chapter 4.2.2.

Figure 18 represents the proposed conceptual framework for the general relationship between implementation of competitive tactic and family business performance, where the influence of the generation stage on these relationships is supposed.

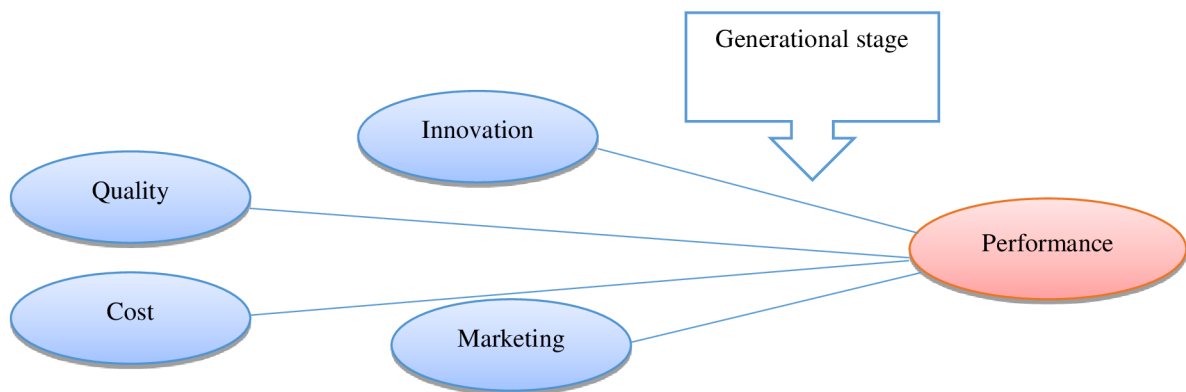


Figure 18 Theoretical relation map of variables

(Source: Author’s composition)

4.3.3 Techniques of data collection and data analysis

In this section, firstly we analyze the data collection technique. The questionnaire is shown in the Appendix 3. The data are obtained by face-to-face structured interviews with owners or co-owners of family business. Next, the data analysis is described. The data analysis is performed using the statistical methods and software SPSS.

4.3.3.1 Data collection technique

The quantitative research is based on a questionnaire that was provided with help of structured interviews. Because interviewer-administered questionnaires will usually have a higher response rate than self-administered questionnaires (Saunders et al., 2003). Also, based on previous research experience of the author in the family wine sector, the personal contact with the owners of family firms was necessary, as they most often did not have the desire to communicate with other types of communication.

Therefore, the main research provided on the base of individual face-to-face structured interviews with individuals who have a direct relationship with the family business (owners and co-owners). Thereby, the questionnaire was completed by interviewer following the clear answers of the respondent by using a paper variant of the questionnaire. In the beginning, the respondent was asked to answer the following question “Do you consider your business to be a family business?” (Carr et al., 2011) to exclude non-family firms. Moreover, respondents were asked to indicate the percentage of the firm owned by the family (if it was necessary), the number of family members involved in the family business and the generation that controls the family firm. We select for our investigation firms which they consider themselves as family firms and where the percentage of the firm owned by the family exceeds 50 percent and at least two family members are involved in the firm (Aronoff & Ward, 2011; Davis & Tagiuri, 1989). For the purposes of this study, we address the questionnaire to owners of the business as proposed by Carr et al. (2011) to collect data from this key decision-making person within the family business. Thereby, the respondent was the owner/co-owner of the firm (Carr et al., 2011). Thereby, respondents were asked to evaluate each item of questionnaire basing on their own opinion. All items were measured on a five-point Likert scale ranging from 1 (“below average/not agree”) to 5 (“the highest importance/agreement”). The example of the questionnaire can be found in Attachment 2.

The wine sector was chosen as lively representative of the family business, where for decades the traditions and skills have been transferred from generation to generation (Woodfield & Husted, 2017; Neuber, et al., 1998). The research was focused on the South Moravian Region in the Czech Republic because that region represents 98,8 % of all number of wine firms in the Czech Republic (Czech Statistical Office, 2011).

The survey was conducted in the period from April - June 2018. The high speed of data collection is conditioned by the annual wine activities "Open Cellars", where was an opportunity to conduct a few interviews with representatives of family wine companies in a short time. The interview lasted 10-15 minutes during which the interviewer asked and wrote down the respondent's answers regarding each item in the questionnaire. After obtained responses were digitized, processed and analyzed through SPSS (Statistical Package for the Social Sciences) software. The original survey (in Czech) can be found in the Attachment 3.

4.3.3.2 Sampling

The difficulties to obtain data about wine family business were explained in the Chapter 4.1.2. The main pre-season of choice of Cohen Statistical Power Analysis is that it is one of the most popular approaches in the behavioral sciences in calculating the required sampling size. Moreover, according to the absence of Czech law about family business determination, there is no possibility to determine the entire population size. As it was mentioned in the Chapter 4.1.2, majority of methods of sample size calculation are based on the total population that is not possible to find out in our case. Thereby, the method of Cohen Statistical Power Analysis was applied for quantitative research to determine the required sampling size.

According to Cohen Statistical Power for Pearson Product Moment Correlation Analysis and Multiple Regression Analysis, it can be easily determined using Cohen statistical power analysis (Wilson & Secker, 2015). The details are described further. If a study aims to find out the degree of the relationship (non-directional) between a dependent variable and ten independent variables, with a predetermined effect size of $r = .30$ (medium), a significant alpha $= .05$ and a statistical power of $.80$ ($B = 0.2$), the desired sample size to test these relationships as indicated in Table 3.4.1 of Cohen work is 85 (Cohen, 1992). This means that Cohen (1992) proved in his work that 85 respondents are enough to perform this statistical analysis¹.

If the study also aims to investigate the contribution of each of the ten predictor variables towards the variance of a dependent variable, this investigation required the use of regression analysis. The calculation can be performed on a maximum of 10 independent variables

¹ a) r is an index of linear relationship, the slope of the best-fitting straight line for a bivariate (X, Y) distribution where the X and Y variables have each been standardized to the same variability. Its limits are - 1.00 to + 1.00. b) The meaning of medium effect size: $r = .30$ that our definition of a medium effect in linear correlation implies that 9% of the variance of the dependent variable is attributable to the independent variable. c) The regression coefficient B_{yx} is simply the unstandardized slope of Y on X and can be written simply as a function of r and the two standard deviations, a_x and a_y . d) α and β denote the type-I and type-II error rates, respectively.

($u = 10$). Chuan (2006) in his work applies the Cohen's statistical power analysis' formula to calculate the necessary sample size for regression analysis. He determined that with the specified power of .80, a medium effect size of $f^2 = .15$, a significant alpha of .05 the sample size of 116 is necessary. Besides that, Chuan (2006) provides the comparison between two commonly used approaches in estimating sampling size: Krejcie and Morgan (1970) and Cohen Statistical Power Analysis (Cohen, 1988). He proved that the sample size calculated using the formula derived from Cohen's Statistical power analysis would be more meaningful and acceptable based on the further justifications².

Chuan (2006) offers to increase the sample size to $N = 120$, slightly more than the recommended size. This number can be rounded up (from 116) to allow the researcher to execute Cohen's (1988) table for further analysis of the power level. He claims that a sample size of 120 would be sufficient to answer research objectives using, both, correlation analysis and regression analysis. Basing on results of Chuan (2006) and considering the seriousness of type I and type II errors and the cost of obtaining data, this sample size is adequate and manageable. Besides that, Chuan (2006) estimated the power value for statistical analyses for a new sample size in his study: *"This is essentially important to ensure that the predetermined power value of .80 be achieved, which according to Cohen (1998), is the probability that a statistical significance test can gather enough evidence to correctly reject the null hypothesis in favor of the alternative hypothesis."* Since the value of power varied with the type of statistical analysis performed, still maintaining the predetermined statistical criterion of .05 and medium effect size ($r = .30$), the power value for correlation analysis is increased from .80 to .92 (Cohen, 1988: Table 3.3.5). As for regression analysis, the calculation of power also required the values of the predetermined factors. Based on the sample size of 120 and the predetermined statistical criterion $\alpha = .05$, medium effect size, $f^2 = .15$, the calculated power for multiple regression analysis is .807. Thereby, based on the calculated power values for the

² "Cohen is not only concerned about the magnitude with regards to the statistical test results and its accompanying p value (as most researchers are) but also the existence of the phenomenon understudied by considering additional factors such as population effect size and the statistical power. In most research, significance testing is heavily preferred to confidence interval estimation (Cohen, 1992). They failed to consider the importance of effect size and statistical power, which has been established in the preceding section. Considering all these factors as suggested by Cohen (1988) would lead to more meaningful results than results that have been inferred from the observed p -value. Furthermore, lacking of controversies among methodologies on the importance of Cohen's (1988) statistical power analysis and the availability of ample resources for estimating sample sizes in research designs using power analysis, this analysis has achieved high reliability for determining an appropriate sample size." Chuan (2006).

two statistical analyses, with a sample size of 120, the values ranged from .80 to .92 (Chuan, 2006). These reported values achieved the minimum proposed value of .80 from Cohen (1988).

Based on literature' analysis, we decided to apply the recommendations of Chuan (2006) to use for our research the sample size of 120 based on Cohen's Statistical power analysis. Finally, we obtained 122 responses from respondents that fulfill the requirements from 150 responses.

4.3.3.3 Quantitative research: profile of a sample

Received data was complete, in other words, there were no missing or incomplete answers. All respondents were from South Moravia Region of the Czech Republic. They were owners or co-owners of wine family business. All selected firms were matched the previously established definition of family business. Moreover, based on the using of control question family ownership was controlled. It was measured by a percentage of the firm owned by the family, details are presented in the Chapter 4.3.1.

The size of the firms was measured by the number of employees. Thereby, 90% represented firms were identified as micro firms, fewer than 10 employees, and 10% as small firms, 10-49 employees, see Figure 19. The size of the firms was measured by the number of employees (Small and Medium-Sized Enterprises, 2016).

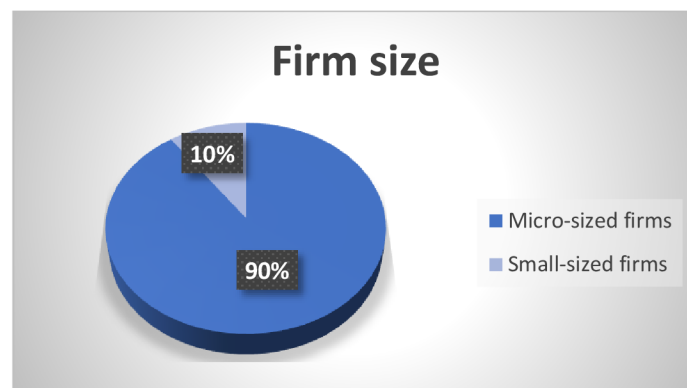


Figure 19 Characteristics of respondents: firm size

(Source: own elaboration)

The next characteristic of a sample is the firm age. The sample includes 45% of firm that are from 20 to 29 years since inception; 29% of firms that are from 4 to 9 years; 10% of firms that are over 30 years; 9% of firms that are up to 3 years; and 7% of firms that are from 10 to 19 years since inception, see Figure 20.

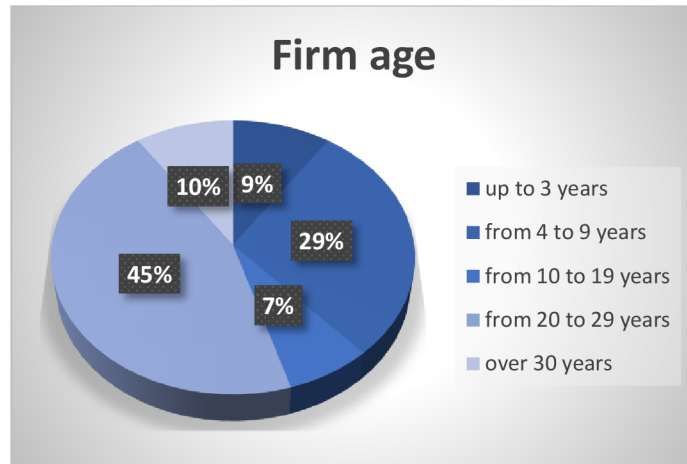


Figure 20 Characteristics of respondents: firm age

(Source: own elaboration)

The next dummy variable is a generational stage. The sample includes family firms in the different generational stage, see Figure 21. There are 49% of family firms in the first generational stage, 45% of family firms in the second generational stage, and 6% of family firms in the third generational stage.

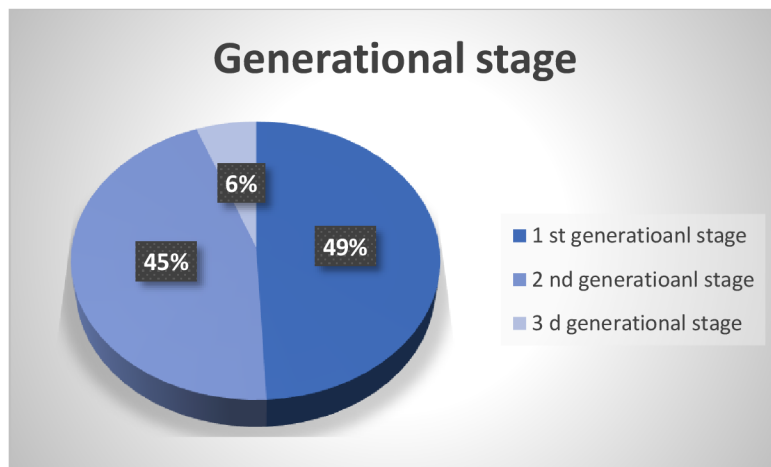


Figure 21 Characteristics of respondents: generational stage

(Source: own elaboration)

The generational stage was measured by the question of the generation that controls the family business.

4.3.3.4 Data analysis technique

The general statistical methods that are used to analyze the data and therefore to test the hypotheses are the correlation and regression analysis. In contrast to other exploratory techniques, we used a confirmatory technique since it assumes pre-set relations between the

variables. It is a technique that allows confirming observed relations that have been tested in previous studies and map these relations in one picture.

4.3.4 Outcomes of quantitative research

Table 11 describes indicators using mean and standard deviation. The results can be interpreted by individual factors (variables). E.g. Performance: In the performance area, it can be judged that indicator P_firreput (Reputation of the firm) (mean 4.28) has the strongest position, while the weakest is P_netprof (Net profit) (mean 3.11). As for the variable Quality: the indicator Q_qu_cont (strict quality control) (mean 3,97) has the strongest position, while the weakest belongs to Q_proRD (Process orientated R+D) (mean 2,70). As for the variable Cost: there is no a big difference in indicators' means, despite this, the indicator C_lowcost (Lowest cost per unit) (mean 2,91) has the strongest position, while C_pric_b_comp (Pricing below competitors) has the weakest position (mean 2,86). As for the variable Innovation, the indicator I_establish (Develop and refine established products) is on the highest position, while the indicator I_special_prod (Specialized products) has the weakest position. As for variable Marketing, the indicator M_q_adv (Efforts in quality of advertising) (mean 3,43) has a similar strong position as indicator M_brand (Brand identification) (mean 3,42), while the weakest position belongs to M_distr (Influence in distribution channels) (mean 2,70).

Table 9 Descriptive statistics of variables and Cronbach alpha

Factors	Questions	Mean	Std. Deviation	Cronbach alfa
Performance	P_netprof	3,11	,972	0,905
	P_cashfl	3,30	,995	
	P_gr_sales	3,52	1,022	
	P_markshagr	3,11	1,038	
	P_overall_per	3,43	,971	
	P_mainfamhar	4,11	,864	
	P_soacstat	3,92	,923	
	P_firreput	4,28	,964	
Quality	Q_custom	3,19	1,222	0,871
	Q_proRD	2,70	1,414	
	Q_qu_cont	3,97	1,020	
	Q_reput	3,59	1,170	
	Q_broad_range	3,29	1,175	
Cost	C_low_pr_s	2,89	1,232	0,856
	C_lowcost	2,91	1,098	
	C_pric_b_comp	2,86	1,194	
Innovation	I_newpd	3,10	1,369	0,769
	I_establish	3,72	1,031	
	I_highprseg	3,12	1,131	
	I_special_prod	2,39	1,491	
Marketing	M_brand	3,42	1,261	0,888
	M_distr	2,70	1,332	
	M_innov_mtech	3,13	1,336	
	M_promo	3,02	1,311	
	M_q_adv	3,43	1,164	

(Source: own elaboration)

The Cronbach alpha was used to measure the internal consistency of variables' items (performance and four competitive tactics). It ranges between 0 and 1. As noted Gliem and Gliem (2003) the closer Cronbach alpha is to 1 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules for Cronbach alpha coefficient: > .9 – Excellent, > .8 – Good, > .7 – Acceptable, > .6 – Questionable, > .5 – Poor, and < .5 – Unacceptable. Cronbach's alpha >0.7 is generally considered as acceptable (e.g., Carmines & Zeller, 1991; Litwin, 1995; Nunnally, 1967; Zait & Berteau, 2011). Thereby, we can observe from Table 11 the high internal consistency of individual items according to Cronbach's alpha (Cronbach's alpha > 0.70). Cronbach's alpha indicates, how closely related

a set of items are as a group. For further analysis, each variable will be represented by a mean value.

Table 10 shows the mean values of each variable. That values will be used for further analysis.

Table 10 Mean values of variables

Report					
	P_avg	Q_avg	C_avr	I_avr	M_avr
Mean	3,62193	3,367213	2,887978	3,1004	3,150820
Median	3,87500	3,400000	2,666667	3,2500	3,400000
N	122	122	122	122	122
Std. Deviation	,741248	,9826127	1,0361781	,98420	1,0778956

(Source: own elaboration)

Before testing hypothesis, a Mann–Whitney U test allowed to understand whether any significant difference exists between generational stages (i.e. dependent variables – means of competitive tactics values and independent variable – generational stage: first generation and second and further generations). This is a non-parametric test because the data does not have the normal distribution. Thereby, we tested a difference in the distribution to compare mean ranks between these two groups. An examination of the findings in Table 11 shows us that there is the actual significant value of the Mann-Whitney U test, where we can observe that the difference between two groups (first and further generations) is highly statistically significant for all competitive tactics because p-value is 0.000 ($p < .001$). Bonferroni correction for received p-values in according to multiple comparisons was not provided because these p-values are small enough for actual five variables, thereby this procedure is not necessary. Next, it is needful to account an effect size for the Mann-Whitney U test, which generally aims to measure the sizes of associations or the sizes of differences³.

³ A common measure of effect size is d, sometimes known as Cohen's d. Cohen provided rules of thumb for interpreting these effect sizes, suggesting that the value of |.1| represents a 'small' effect size, |.3| represents a 'medium' effect size and |.5| represents a 'large' effect size (Cohen, 1988). The higher the effect size, the greater the practical significance of the statistical association is.

Table 11 Mann-Whitney U test: Competitive Tactics and Generational stage

Report						
Generational stage		P_avg	Q_avg	C_avr	I_avr	M_avr
1	Mean	3,28	2,68	3,64	2,55	2,57
	Std. Error of Mean	,10	,10	,11	,12	,13
	N	60	60	60	60	60
	Std. Deviation	,78	,76	,84	,93	1,01
2 + 3	Mean	3,95	4,04	2,16	3,64	3,71
	Std. Error of Mean	,07	,08	,08	,09	,10
	N	62	62	62	62	62
	Std. Deviation	,53	,66	,60	,70	,82
Mann-Whitney U test	Mann-Whitney U	914,500	383,500	375,500	704,000	732,000
	Wilcoxon W	2744,500	2213,500	2328,500	2534,000	2562,000
	Z	-4,856	-7,582	-7,669	-5,945	-5,789
	Asymp. Sig. (2-tailed)	,000	,000	,000	,000	,000

(Source: own elaboration)

So the formula for Cohen's *d* is the following:

Equation 1 Calculating Cohen's *d*

Definition	Formula
$d = \frac{M_1 - M_2}{\sqrt{S^2_{pooled}}}$	$d = \frac{M_1 - M_2}{\sqrt{\frac{(n_1 - 1)SD_1^2 + (n_2 - 1)SD_2^2}{(n_1 + n_2) - 2}}}$

(Source: own elaboration)

where

M_1 is the mean of the first group,

n_2 is the sample size in the second group,

n_1 is the sample size in the first group,

SD_2 is the standard deviation of the second group,

SD_1 is the standard deviation of the first group,

SD is calculated standard deviation for both groups

M_2 is the mean of the second group,

simultaneously

Table 12 Calculated Effect size for Mann-Whitney U test

	Effect size
P-avg	0,441231
Q-avg	0,504411
C-avg	0,52784
I-avg	0,674134
M-avg	0,839631

(Source: own elaboration)

According to calculations, the effect size of Mann-Whitney U test for all variables has medium and high effects (Table 12). Thereby, based on literature review and this test analysis we can assume that there is a difference between the first and second (and further) generation family firms according to observed variables. Consequently, it supports the intention to continue to test the hypothesis about the relationship of competitive tactics and performance of family firms in accordance to differences in generations.

H1. There is a significant positive relationship between Quality-Orientated Competitive Tactic (Quality) and performance.

It is necessary to find out if there is a relationship between the two variables and then interpret the strength of that relationship. Before conducting the simple linear regression analysis and create the regression model, it is important to determine whether a linear relationship between competitive tactics and performance appears. In case it appears, a linear relationship exists between the variables. It means that it is possible to proceed with a simple regression analysis. In case there is no linear relationship, a different type of analysis may be preferred. One way to test whether two variables are linearly related is by determining the correlation between them. Correlation analysis is a widely used method in scientific research papers. Generally, it describes the extent to which two or more variables occur together. The correlation analysis will reveal whether the relationship between Competitive tactics and Performance is statistically significant for a two-tailed test, based on sampled firms. The correlation coefficient tells about the strength and direction of the linear relationship between dependent and independent variables. Because we have only sample data, we cannot calculate the population correlation coefficient; thereby, we will work with sample correlation coefficient r .

For further analysis, correlation analysis with Spearman's correlation coefficient was conducted to assess the relationship between the family business performance as a dependent variable and competitive tactics as independent variables, specifically Spearman's coefficient r_s of rank correlation. The analysis was executed for all of the 4 competitive tactics. Reasons of using this correlation coefficient are following. The original data set has a rank characteristics. Next condition for using this coefficient is a normal distribution of the

data. According to Shapiro-Wilk test (see Table 13) and histograms, data do not have a normal distribution because Shapiro–Wilk test is significant ($p < .05$) then the distribution is significantly different from a normal distribution (i.e. it is non-normal) (Saunders et al., 2003).

Table 13 Test of normality of data distribution

Tests of Normality			
	Shapiro-Wilk		
	Statistic	df	Sig.
P_avg	,913	122	,000
Q_avg	,951	122	,000
C_avr	,936	122	,000
I_avr	,965	122	,003
M_avr	,959	122	,001

a. Lilliefors Significance Correction

(Source: own elaboration)

Despite that, it is possible to argue for the surrender of the normal distribution condition by having an impressive amount of measured data. According to Field (2009), tests of normality have their limitations because with large sample sizes (as in our case 122 cases) “*it is very easy to get significant results from small deviations from normality, and so a significant test doesn’t necessarily tell us whether the deviation from normality is enough to bias any statistical procedures that we apply to the data*”. In our case, we assume, that disturbance of the normal distribution of data does not have a significant effect on the results or their distortion. Additionally, some authors recommend to use Spearman’s correlation coefficient in case of non-normally distributed data (Wilson & Secker, 2015). Besides that, for additional control the Spearman’s correlation coefficient was compared with Pearson’s correlation coefficient for all hypothesis to exclude a non-linear relationship. The result of that is that coefficients’ values are almost identical. Although, the using of Spearman’s correlation coefficient fulfills the assumption that, the relationship between independent and dependent variables has a monotone and linear character according to scatter graphs (see below).

Thereby, the relationships between depended and independent variables were described by the strength of the relationship expressed by the Spearman’s correlation coefficient. Its value

varies between +1 and -1 (Figure 22). A positive r_s value (+1) indicates a positive relationship between variables. In other words, if one variable increases, the other variable also increases. A negative r_s value (-1) indicates a negative relationship between variables. It means, if one variable increases, the other variable decreases. If this probability is very low (usually less than 0.05) then it is considered statistically significant. If the probability is greater than 0.05 then the relationship is not statistically significant. According to literature, within business research, it is extremely unusual to obtain perfect correlations (Saunders et al., 2003).

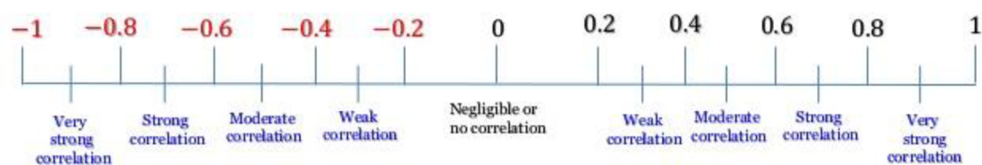


Figure 22 Values of the correlation coefficient

(Source: Saunders et al., 2003)

Spearman's coefficient of rank correlation, denoted by r_s , can be calculated by applying the following formula.

Equation 2 Calculating Spearman's correlation coefficient

$$r_s = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

(Source: Saunders et al., 2003)

where

r_s is the Spearman coefficient;

d_i is the difference in the ranks given to the two variable values for each item of data,

n is the number of sets of data.

Thereby, the Spearman's correlation coefficient helps to reject or accept the hypothesis. There are two methods for making a decision according to the interpretation of results. First one, as it was described above, is using the p-value. The second one is using a table of critical value. This second method means the following: if the r_s value is above the critical value of 5%, there is a 95% likelihood that there is a significant relationship between dependent and independent variables. Also, if the r_s value above the critical value equal 1%, so there is a 99% likelihood that there is a significant relationship between variables (used

significance level of 5%, $\alpha = 0.05$) (Saunders et al., 2003). For this study, the first method was chosen.

To determine the relationship between variables Performance and Quality, Spearman's correlation coefficient is 0.517 and shows the relationship between the variables with a medium degree of correlation, which is statistically significant (p-value 0.000) (Table 14). Thereby, there is sufficient evidence to conclude that there is a linear relationship between Performance and Quality, which is statistically significant (because the p-value is less than 0.05).

Table 14 Correlation analysis: Quality and Performance for all generational stages

Correlations			P_avg	Q_avg
Spearman's rho		Correlation Coefficient	1,000	,517**
	P_avg	Sig. (2-tailed)	.	,000
		N	122	122
		Correlation Coefficient	,517**	1,000
	Q_avg	Sig. (2-tailed)	,000	.
		N	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: own elaboration)

There is a scatter graph (Figure 23) of the relationship between mean values of variables Performance and Quality divided according to the generational stage (for this and next cases generations will be divided further into two groups: firms in the first generation, firms on the second and further generations). The graph shows a weak positive relationship (points merge into a line that is growing), Performance grows with increasing Quality. The case with the first generation has lower Performance and Quality values than the second and subsequent generations.

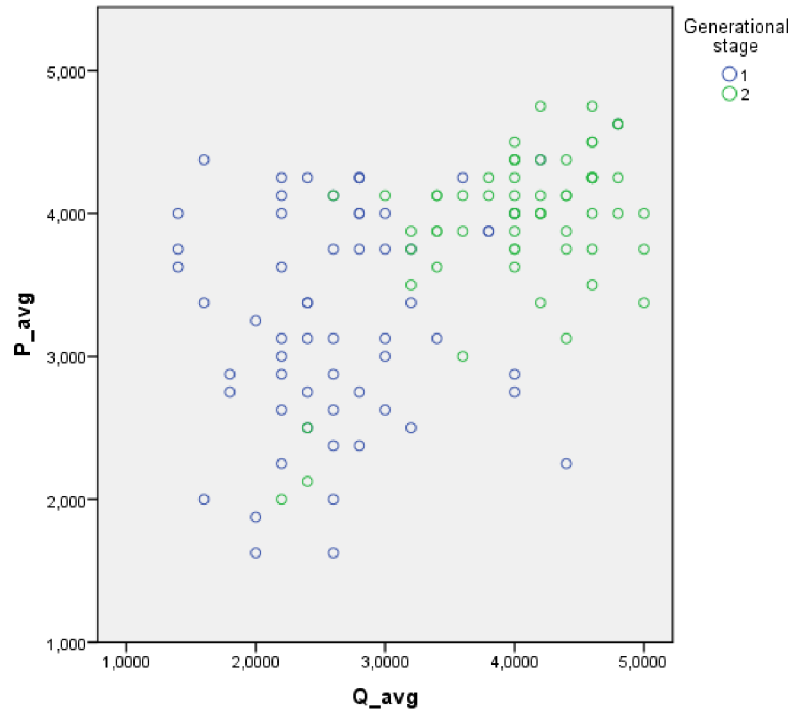


Figure 23 Scatter graph: Quality and Performance

(Source: own elaboration)

Next, because of r is significant and the scatter plot shows a linear trend, the line can be used to predict the value of Performance for values of Quality that are within the domain of observed Quality values. Therefore, we can determine the strength of the relationship between the dependent and independent variable. One important note should be mentioned that we did not take into account the differences between the behaviors of firms in different generations. This case will be examined later.

For further analysis, a stepwise regression analysis was used in order to expose hypotheses. The linear regression helps to model the relationship between one explanatory variable and a response variable by fitting a linear equation to the observed data. Four separate regression analyses have been conducted for each hypothesis to examine the strength of relationships between each competitive tactic and the dependent variable, measured by family business performance. Mean values of following variables were used: family business performance as a dependent variable and independent variables: Quality-orientated competitive tactic, Cost-orientated competitive tactic, Innovation-orientated competitive tactic, and Marketing-

orientated competitive tactic. The regression coefficient (represented R square) can take on any value between 0 and +1. It measures the proportion of the variation in a dependent variable that can be explained statistically by the independent variable. A very low significance value (usually 0.05) means that this coefficient is unlikely to have occurred by chance alone (Saunders et al., 2003).

In order to investigate how variable Quality explains Performance, a regression analysis was used to answer the H1, where Performance is the dependent variable. The fit of the regression model can be assessed using the Model Summary and Analysis of Variance (ANOVA) tables from SPSS. Table 15 presents the R square (R^2) and Adjusted R square. As can be seen from the Table, the R^2 with that predictor is 0.265. Therefore, the model explains 26.5% of the Performance variability, which is highly statistically significant fit of the data overall (p-value 0.000; $p < 0.01$) that can be seen from the Table 16. Falk & Miller (1992) recommended that R^2 values should be equal to or greater than 0.10 in order for the variance explained of a particular endogenous construct to be deemed adequate. Thereby, the model explains enough variability within the data and is significant.

Table 15 Model Summary- Quality and Performance: all generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.515 ^a	.265	.259	.638032

a. Predictors: (Constant), Q_avg

(Source: own elaboration)

Table 16 ANOVA - Quality and Performance: all generational stages

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,633	1	17,633	43,315	,000 ^b
	Residual	48,850	120	,407		
	Total	66,483	121			

a. Dependent Variable: P_avg

b. Predictors: (Constant), Q_avg

(Source: own elaboration)

Table 17 Coefficients: Quality and Performance

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	2,314	,207		11,178	,000	1,904	2,724
Q_avg	,388	,059	,515	6,581	,000	,272	,505

a. Dependent Variable: P_avg

(Source: own elaboration)

Finally, the Coefficients (Table 17) presents the actual impact of independent variable on the dependent variable. The coefficients for Quality are statistically significant (p-value 0.000; $p < .001$). Independent variable has a positive coefficient. Thereby, the model with variable Quality explains 26.5% of Performance variability ($R^2=0.265$) using the regression equation $y = 2.314 + 0.388 * Q_avg$. The relationship between variables is positive.

Consequently, the hypothesis H1 is accepted, suggesting that Quality-Orientated Competitive Tactic (Quality) has a positive impact on Performance.

H1a. For second (and subsequent) generation family firms the relationship between Quality-Orientated Competitive Tactic (Quality) and Performance is stronger than for the first generation firms.

The Mann-Whitney U test showed that a significant difference exists between generational stages (i.e. dependent variables – means of competitive tactics values and independent variable – generational stage). Thereby, the hypothesis about the different impact of Quality on Performance in view of the generational stage was being investigated. First, the model for the first generation is presented. This model with variable Quality explains only 3.1% of the Performance variability ($R^2=0.031$) (Table 18).

Table 18 Model Summary - Quality and Performance: first generational stage

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage = 1 (Selected)			
1	.177 ^a	.031	.015	.770299

a. Predictors: (Constant), Q_avg

(Source: own elaboration)

The next Table 19 reports the significance of the regression model. As can be seen from the table, the model is statistically insignificant (p-value 0.176 and it is greater than 0.05). Therefore, the model doesn't explain much of a variation of the data and it is not significant. It can be concluded that there is not a statistically significant relationship between Quality-Orientated Competitive tactic and family business Performance of first generation family firms.

Table 19 ANOVA - Quality and Performance: first generational stage

ANOVA ^{a,b}						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1,112	1	1,112	1,874	.176 ^c
	Residual	34,415	58	.593		
	Total	35,527	59			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

c. Predictors: (Constant), Q_avg

(Source: own elaboration)

It can be summed up that in the first generational stage of selected family firms, there is no significant relationship between Quality-orientated competitive tactic and Performance. Therefore, it is not possible to explain the Performance with the help of Quality for the first generation firms.

A model for the second and next generation was also created, which explains 29.4% of the Performance variability ($R^2=0.294$) (Table 20). Table 20 ANOVA reports the significance

of the regression model. As can be seen from the table, the regression model is highly statistically significant (p-value 0.000, $p < .001$) (Table 21). The Performance of second and next generations is represented by the equation $y = 2.167 + 0.442 * Q_avg$. Therefore, it is obvious that in this case there is a significant positive relationship between Quality and Performance; with an increase of Quality, Performance is growing.

Table 20 Model Summary- Quality and Performance: second and further generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage > 1 (Selected)			
1	,543 ^a	,294	,283	,452606

a. Predictors: (Constant), Q_avg

(Source: own elaboration)

Table 21 ANOVA - Quality and Performance: second generational stages

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,129	1	5,129	25,040	,000 ^c
	Residual	12,291	60	,205		
	Total	17,421	61			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage > 1

c. Predictors: (Constant), Q_avg

(Source: own elaboration)

Table 22 Coefficients - Quality and Performance: second generational stage

Coefficients ^{a,b}								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2,167	,361		6,004	,000	1,445	2,889
	Q_avg	,442	,088	,543	5,004	,000	,265	,618

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage > 1

(Source: own elaboration)

Finally, the Coefficients Table 22 presents the actual impact of the independent variable on the dependent variable. The coefficient for Quality-orientated competitive tactic is highly statistically significant (p-value 0.000, $p < .001$). Observed variables have a positive coefficient. It should be noted, that this variable has a strong weight in the model (Beta= 0.442). With 95% reliability, the B coefficient will be cast between the interval values 0.265 and 0.618. When the significance of t-values for the coefficient is analyzed, it can be concluded that higher values of family business performance is predicted by higher utilization of quality-orientated competitive tactic for second and subsequent generations. Consequently, the hypothesis H1a is accepted, suggesting that the relationship between Quality-Orientated Competitive Tactic (Quality) and Performance is stronger for second (and subsequent) generation family firms than for the first generation firms. Considering the results for the generational stage, it is obvious that while for the first generation firms there is no significant relationship between Quality and Performance, for the next generations there are the significant and positive relationship.

H2. There is a significant positive relationship between Cost-Orientated Competitive Tactic (Cost) and Performance.

To determine the linear relationship between Performance and Cost, a Spearman's correlation coefficient with value -0.381 was used, pointing to the negative relationship between the variables, which is highly statistically significant (p-value 0.000, $p < .001$) (Table 23). Therefore, there is a negative linear significant relationship between Performance and Costs.

Table 23 Correlation analysis: Cost and Performance

		P_avg	C_avr
Spearman's rho	Correlation Coefficient	1,000	-,357**
	P_avg Sig. (2-tailed)	.	,000
	N	122	122
	Correlation Coefficient	-,357**	1,000
	C_avr Sig. (2-tailed)	,000	.
	N	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: own elaboration)

Next, for illustration of the relationships, we present a scatter graph of the relationship between performance and Cost according to generational stages (Figure 24). The graph shows a weak negative relationship: Performance is declining with rising Costs. It can be seen from the graph. The first generation firms have higher values of Performance and lower values of Costs than second and subsequent generations.

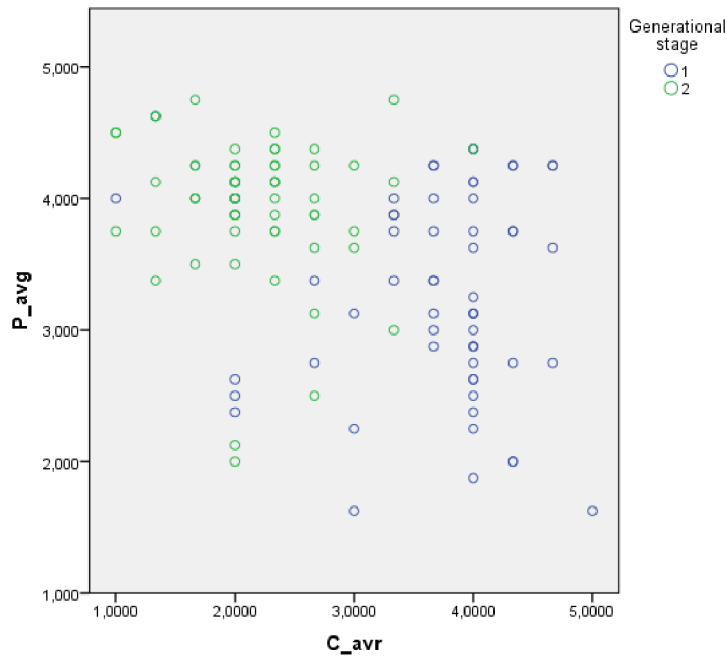


Figure 24 Scatter graph: Cost and Performance

(Source: own elaboration)

It should be determined the strength of the relationship between Costs and Performance. Therefore, a regression analysis between Cost and Performance, where Performance is dependent, is used to confirm or reject the H2 hypothesis, not taking into account generational stage of the firms.

Table 24 Model Summary - Cost and Performance: all generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,381 ^a	,145	,138	,688161

a. Predictors: (Constant), C_avr

(Source: own elaboration)

Table 25 ANOVA - Cost and Performance: all generational stages

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,655	1	9,655	20,389	,000 ^b
	Residual	56,828	120	,474		
	Total	66,483	121			

a. Dependent Variable: P_avg

b. Predictors: (Constant), C_avr

(Source: own elaboration)

Thereby, the model explains 14.5% performance variability ($R^2=0.145$), which is highly statistically significant (p -value 0.000, $p < .001$) (Table 24 and Table 25). The regression

Table 26 Coefficients - Cost and Performance: all generational stages

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4,409	,185		23,813	,000	4,043	4,776
	C_avr	-,273	,060	-,381	-4,515	,000	-,392	-,153

a. Dependent Variable: P_avg

(Source: own elaboration)

equation has the form $y = 4,409 - 0,273 * C_{avg}$. The relationship is negative, so it can be said that with the rising Costs, Performance decreases.

Consequently, the hypothesis H2 is rejected, that means that the Cost-Orientated Competitive Tactic (Cost) has negative relationship with Performance, not considering the difference between firms of various generations.

H2a. For the first generation family firms, the relationship between Cost-Orientated Competitive Tactic (Quality) and Performance is stronger than for second (and subsequent) generation family firms.

For the first generation, the regression model does not explain almost any performance variability 0.8% ($R^2=0.008$) and it is not statistically significant ($p=0.491$; $p > 0.05$) (Table 27 and Table 28). Thus, in case of family firms in the first generational stage, there is no a significant relationship between Cost and Performance.

Table 27 Model Summary - Cost and Performance: first generational stage

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage = 1 (Selected)			
1	,091 ^a	,008	-,009	,779424

a. Predictors: (Constant), C_avr

(Source: own elaboration)

Table 28 ANOVA - Cost and Performance: first generational stage

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,292	1	,292	,481	,491 ^c
	Residual	35,235	58	,608		
	Total	35,527	59			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

c. Predictors: (Constant), C_avr

(Source: own elaboration)

For the second and next generation, the model also does not explain much of performance variability, it is 1% ($R^2=0.01$) and is not statistically significant ($p=0.47$, $p> 0.05$) (Table 29 and Table 30). Therefore, it can be said that there is no significant relationship between Cost and Performance in case of family firms in second and further generational stage.

Table 29 Model Summary- Cost and Performance: second generational stage

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage ≥ 2 (Selected)			
1	,098 ^a	,010	-,007	,536224

a. Predictors: (Constant), C_avr

(Source: own elaboration)

Table 30 ANOVA: Cost and Performance: second generational stage

ANOVA ^{a,b}						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,168	1	,168	,586	,447^c
	Residual	17,252	60	,288		
	Total	17,421	61			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage ≥ 2

c. Predictors: (Constant), C_avr

(Source: own elaboration)

According to the regression analysis, there is no evidence that there is a positive significant relationship between Cost-oriented competitive tactic and Performance, even we split firms according to generational stages and study them separately. Consequently, the hypothesis H2a is rejected, that means that for the first generation family firms the relationship between Cost-Orientated Competitive Tactic (Cost) and Performance is no stronger than for second (and subsequent) generation family firms. The reason is, that there is a no significant relationship between Cost-oriented competitive tactic and Performance for family firms if we examine them separately basing on generational stage.

H3. There is a significant positive relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance.

To determine the relationship between Performance and Innovation, the Spearman's correlation coefficient was used, which is 0.278 and shows the dependence between the variables (p-value 0.002, $p < 0.05$) (Table 31). Thus, there is a linear relationship between Performance and Innovation.

Table 31 Spearman's Correlation Coefficient: Cost and Performance for all generational stages

Correlations			
		P_avg	I_avr
Spearman's rho	Correlation Coefficient	1,000	,278**
	P_avg Sig. (2-tailed)	.	,002
	N	122	122
	Correlation Coefficient	,278**	1,000
	I_avr Sig. (2-tailed)	,002	.
	N	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: own elaboration)

From the scatter graph (Figure 25), we can see that Performance of firms in the first generation is decreasing with increasing Innovation (and vice versa). In further generations, we can see that with growing Performance, Innovation is also growing (and vice versa). There is a significant relationship between Innovation and Performance.

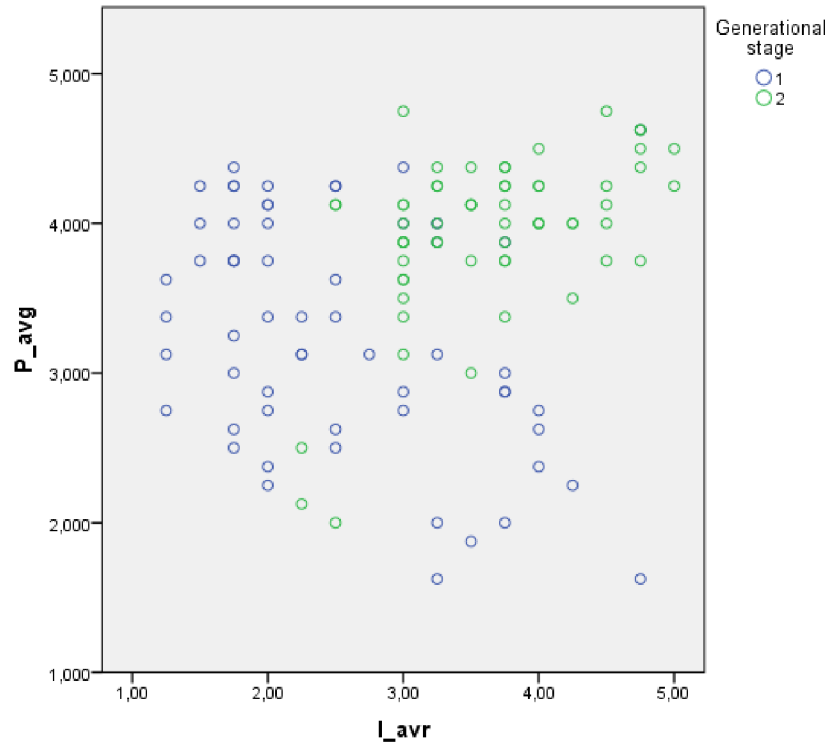


Figure 25 Scatter graph: Innovation and Performance

(Source: own elaboration)

The model for all generations explains 4.9% of performance variability ($R^2=0.049$), which despite the low value, anyway it is statistically significant ($p=0.014$, $p < 0.05$) (Table 32, Table 33 and Table 34). The model equation is $y = 3,105 + 0,167 * I_{avr}$.

Table 32 Model Summary - Innovation and Performance: all generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,221 ^a	,049	,041	,725870

a. Predictors: (Constant), I_avr

(Source: own elaboration)

Table 33 ANOVA - Innovation and Performance: all generational stages

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3,257	1	3,257	6,181	,014 ^b
Residual	63,226	120	,527		
Total	66,483	121			

a. Dependent Variable: P_avg

b. Predictors: (Constant), I_avr

(Source: own elaboration)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
	1 (Constant)	3,105	,218				14,243
I_avr	,167	,067	,221	2,486	,014	,034	,299

a. Dependent Variable: P_avg

(Source: own elaboration)

It is obvious that the regression relationship described in this way is very weak. This is also apparent from the scatter graph (Figure 25). It makes sense to separate the first and next generations, as they seem to behave very differently from the scatter graph. Besides that, the Mann-Whitney U test indicated the difference between generational stages according to variable Innovation (Table 11).

Consequently, the hypothesis H3 is accepted, that means that there is a significant positive relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance for family firms, not considering the difference between firms with various generations.

H3a. For second and later generation family firms, the relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance is stronger than for the first generation family firms.

As it can be seen from the table (Table 35), the model of the first generation family firms explains 11.7% of Performance variability ($R^2=0.117$). The Table 35 reports the significance

of the regression model. As can be seen from this table, the regression model is statistically significant (p-value 0.008; $p < 0.05$).

Table 34 Model Summary - Innovation and Performance: first generational stage

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage = 1 (Selected)			
1	,341 ^a	,117	,101	,735612

a. Predictors: (Constant), I_avr

(Source: own elaboration)

Table 35 ANOVA - Innovation and Performance: first generational stage

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,142	1	4,142	7,654	,008 ^c
	Residual	31,385	58	,541		
	Total	35,527	59			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

c. Predictors: (Constant), I_avr

(Source: own elaboration)

The model equation is $y = 4.008 - 0.284 * I_{avr}$ that expresses the negative relationship between Innovation and Performance (Table 36). Thereby, with growing Innovation, the Performance of the family firms in the first generation is declining.

Table 36 Coefficients - Innovation and Performance: first generational stage

Coefficients ^{a,b}								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4,008	,278		14,392	,000	3,450	4,565
	I_avr	-,284	,103	-,341	-2,767	,008	-,490	-,079

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

(Source: own elaboration)

It can be seen from the Table 37, that the model for second and next generations explains 27.5% of the Performance variability ($R^2=0.275$), which is highly statistically significant (because the p-value is 0.000, $p < .001$) (Table 38).

Table 37 Model Summary - Innovation and Performance: second and further generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage ≥ 2 (Selected)			
1	,524 ^a	,275	,263	,458827

a. Predictors: (Constant), I_avr

(Source: own elaboration)

Table 38 ANOVA - Innovation and Performance: second and further generational stages

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,789	1	4,789	22,749	,000 ^c
	Residual	12,631	60	,211		
	Total	17,421	61			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage ≥ 2

c. Predictors: (Constant), I_avr

(Source: own elaboration)

Then, the model equation is $y = 2,489 + ,401 * I_{avr}$ that expresses the positive relationship between Innovation and Performance (Table 39). Thereby, with increasing Innovation,

Performance of the second and next generation is growing. Thus, the trend is opposite to the first generation firms.

Table 39 Coefficients - Innovation and Performance: second and further generational stages

Coefficients^{a,b}

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	2,489	,312		7,987	,000	1,866	3,113
1 I_avr	,401	,084	,524	4,770	,000	,233	,570

a. Dependent Variable: P_avg

Selecting only cases for which Generational stage ≥ 2

(Source: own elaboration)

Consequently, the hypothesis H3a is accepted, that means that the relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance is stronger for second and further generation family firms than for family firms in the first generation.

H4. There is a significant positive relationship between Marketing-Orientated Competitive Tactic (Marketing) and Performance.

The correlation analysis with Pearson's correlation coefficient was conducted to assess the relationship between the family business performance as the dependent variable and Marketing-Orientated Competitive tactics as independent variables. Then, between Marketing and Performance, there is a strong positive linear relationship, a highly statistically significant relationship (p-value 0.000, $p < .001$), whose strength is expressed by the Spearman's correlation coefficient of 0.713 (Table 40).

Table 40 Correlation analysis - Marketing and Performance: all generational stages

		P_avg	M_avr
Spearman's rho	Correlation Coefficient	1,000	,713**
	P_avg Sig. (2-tailed)	.	,000
	N	122	122
	Correlation Coefficient	,713**	1,000
	M_avr Sig. (2-tailed)	,000	.
	N	122	122

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: own elaboration)

The power of dependence can also be expressed using a scatter graph. It also shows that this relationship is positive. Besides that, the first generation firms have lower values of Performance and lower values of Marketing than family firms in second and further generations.

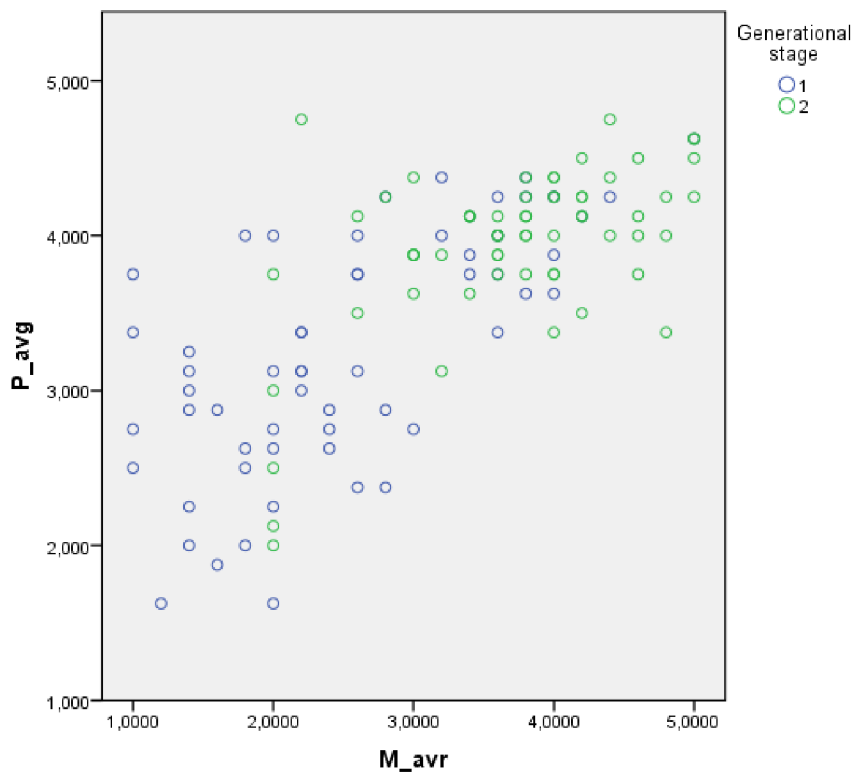


Figure 26 Scatter graph: Marketing and Performance

(Source: own elaboration)

In order to investigate the strength of the relationship between variables Marketing and Performance, a regression analysis was used to answer the H4, where Performance is the dependent variable. The model explains 52.3% of Performance variability ($R^2=0.523$) and is highly statistically significant (p-value 0.000, $p < .001$) (Tables 41, 42). The model equation is $y = 2,055 + 0,479 * M_{avr}$.

Table 41 Model Summary - Marketing and Performance: all generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,723 ^a	,523	,519	,513947

a. Predictors: (Constant), M_{avr}

(Source: own elaboration)

Table 42 ANOVA - Marketing and Performance: all generational stages

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34,786	1	34,786	131,696	,000 ^b
	Residual	31,697	120	,264		
	Total	66,483	121			

a. Dependent Variable: P_{avg}

b. Predictors: (Constant), M_{avr}

(Source: own elaboration)

Table 43 Coefficients - Marketing and Performance: all generational stages

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2,055	,144		14,240	,000	1,769	2,340
	M_{avr}	,497	,043	,723	11,476	,000	,412	,583

a. Dependent Variable: P_{avg}

(Source: own elaboration)

Finally, Table 43 of coefficients presents the actual impact of the independent variable on the dependent variable. The coefficient for Marketing-orientated competitive tactic is highly

statistically significant (p-value 0.000). Observed variables have a positive coefficient. This variable has strong weight in the model (Beta= 0.497). With 95% reliability the B coefficient will be cast between the interval values 0.412 and 0.583. When the significance of t-values for the coefficient is analyzed, it can be concluded that higher values of family business Performance is predicted by higher utilization of Marketing-orientated competitive tactic for all generational stages.

Consequently, the hypothesis H4 is accepted, suggesting that there is a positive relationship between Marketing-Orientated Competitive Tactic (Marketing) and Performance disregarding the generational stage.

H4a. For the first generation family firms, the relationship between Marketing-Orientated Competitive Tactic (MARKETING) and Performance is stronger than for second and later generation family firms

There is an analysis of the different impact of Marketing on Performance between generational stages. The model for the first generation firms explains 47.3% of the Performance variability ($R^2=0.473$) (Table 44). Table 45 reports the significance of the regression model. As can be seen from the table, the regression model is highly statistically significant (p-value 0.000, $p < .001$). It can be described by equation $y = 1,924 + 0,529 * M_{av}$. This variable has a strong weight in the model (Beta= 0.529). With 95% reliability, the regression B coefficient of M_{avr} will be cast between the interval values 0.382 and 0.676. When the significance of t-values for the coefficient is analyzed, it can be concluded that higher values of family business performance are predicted by higher utilization of Marketing-orientated Competitive Tactic for family firms in the first generational stage.

Table 44 Model Summary - Marketing and Performance: first generational stage

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage = 1 (Selected)			
1	,688 ^a	,473	,464	,568330

a. Predictors: (Constant), M_{avr}

(Source: own elaboration)

Table 45 ANOVA - Marketing and Performance: first generational stage

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16,793	1	16,793	51,991	,000 ^c
	Residual	18,734	58	,323		
	Total	35,527	59			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

c. Predictors: (Constant), M_avr

(Source: own elaboration)

Table 46 Coefficients - Marketing and Performance: first generational stages

Coefficients ^{a,b}								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1,924	,202		9,516	,000	1,520	2,329
	M_avr	,529	,073	,688	7,211	,000	,382	,676

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage = 1

(Source: own elaboration)

The model for family firms in the second and further generational stage represents 31.5% of the Performance variability ($R^2=0.315$) and is highly statistically significant (p-value 0.000, $p < .001$) (Tables 47, 48). The model can be described by equation $y = 2,585 + 0,367 * M_avr$.

Table 47 Model Summary - Marketing and Performance: second and further generational stages

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	Generational stage ≥ 2 (Selected)			
1	,562 ^a	,315	,304	,445827

a. Predictors: (Constant), M_avr

(Source: own elaboration)

Table 48 ANOVA - Marketing and Performance: second and further generational stages

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5,495	1	5,495	27,646	,000 ^c
	Residual	11,926	60	,199		
	Total	17,421	61			

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage >= 2

c. Predictors: (Constant), M_avr

(Source: own elaboration)

With 95% reliability, the regression B coefficient of M_avr (Beta= 0.367) will be cast between the interval values 0.228 and 0.507. When the significance of t-values for the coefficient is analyzed, it can be concluded that higher values of family business performance are predicted by higher utilization of Marketing-orientated Competitive Tactic for second and further generation family firms.

Table 49 Coefficients - Marketing and Performance: second and further generational stages

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	2,585	,266		9,733	,000	2,054	3,116
	M_avr	,367	,070	,562	5,258	,000	,228	,507

a. Dependent Variable: P_avg

b. Selecting only cases for which Generational stage >= 2

(Source: own elaboration)

Consequently, it can be seen that the determination coefficient of the first generational stage is bigger (0.473) than the second and further generational stage (0.315). Thereby, we can assume that for first generation firms the utilization of Marketing has a bigger impact that for second and further generational firms.

Considering the results for the different generations, the hypothesis H4a is accepted, suggesting that for the first generation firms the relationship between Marketing-Orientated Competitive Tactic (Marketing) is stronger than for second and later generation family firms.

H5. Second and later generation family firms have greater performance than first generation family firms.

For testing this hypothesis we compared the values of performance mean values for the first and for the further generation firms separately. After, we analyzed a box plot.

Table 50 Descriptive statistics of performance according to generational stages

Group Statistics					
	Generational stage	N	Mean	Std. Deviation	Std. Error Mean
P_avg	2 + 3	62	3,94960	,534400	,067869
	1	60	3,28333	,775986	,100179

(Source: own elaboration)

The first generation firms have the mean value of 3.28 and the next generation firms have the mean value of 3.95 (Table 50). From the box plot (Figure 27), it is seen that the value of Performance mean for the first generation firms is more scattered than the value of Performance mean for next generation firms.

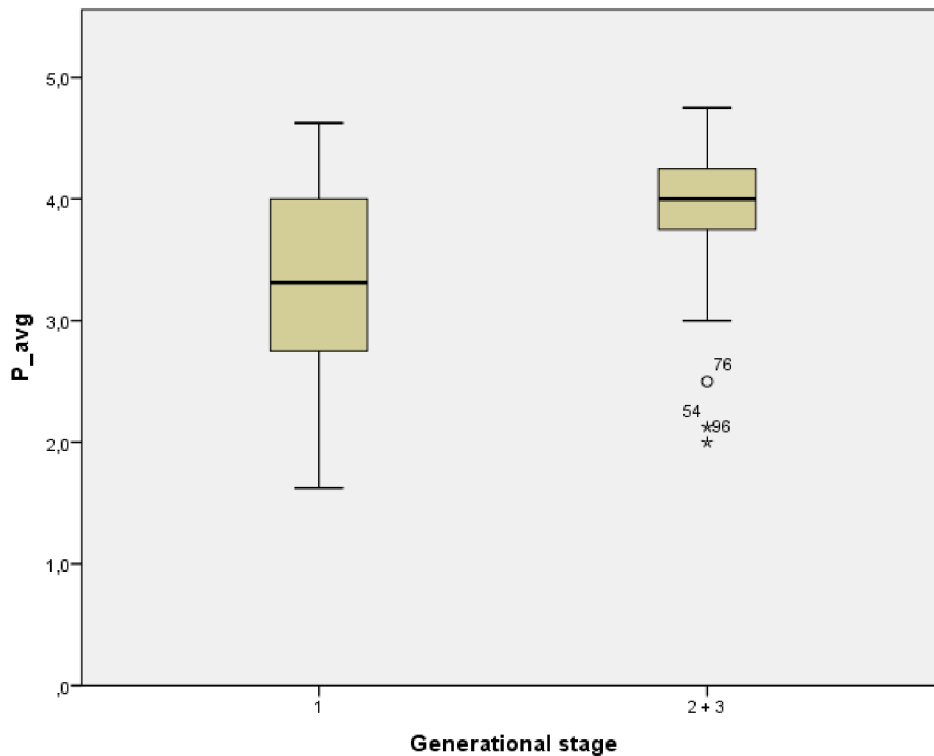


Figure 27 Box plot of Performance according to generational stages

(Source: own elaboration)

We also can observe from the box plot that the next generation firms have bigger values of Performance than the first generation firms. Thus, we test this hypothesis using a Mann-Whitney U test (Table 51). The test results show that the first and next generations do not have the same distribution of Performance. Thereby, it can be said that the next generation firms have higher performance than the first generation firms.

Table 51 Mann-Whitney U test for Performance according to generational stages

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of P_avg is the same across categories of Generational stage.	Independent-Samples Mann-Whitney U Test	,000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is ,05

(Source: own elaboration)

Consequently, the hypothesis H5 is accepted, that means that second and later generation family firms have greater Performance results than the first generation family firms.

4.3.5 Discussion and interpretation of findings

At this point, we develop and interpret the results of the empirical study. Briefly, the main general conclusions achieved in this empirical study are reported in Table 52. We say that these are the main findings because they will not be the only ones. Beyond the general conclusions derived from the hypotheses, we conducted a qualitative research which discovers current situation of micro and small wine family firms in the Czech Republic in regard to utilization of main competitive tactics and relationship between them and performance of these firms. Besides that, theoretical research of family business definition and its features were provided. Thereby, first, we analyze the conclusions derived from the hypotheses as shown in Table 52. Based on the analysis, it was revealed that there is a difference between family-owned firms of different generations.

Table 52 Hypotheses testing

Hypotheses	Do not reject at a 5% significance level?
H1: There is a significant positive relationship between Quality-Orientated Competitive Tactic (Quality) and Performance	YES
H1a: For second (and subsequent) generation family firms the relationship between Quality-Orientated Competitive Tactic (Quality) and Performance is stronger than for the first generation firms	YES
H2: There is a significant positive relationship between Cost-Orientated Competitive Tactic (Cost) and Performance	NO
H2a: For the first generation family firms, the relationship between Cost-Orientated Competitive Tactic (Quality) and Performance is stronger than for second (and subsequent) generation family firms	NO
H3: There is a significant positive relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance	YES
H3a: For second and later generation family firms, the relationship between Innovation-Orientated Competitive Tactic (Innovation) and Performance is stronger than for the first generation family firms	YES
H4: There is a significant positive relationship between Marketing-Orientated Competitive Tactic (Marketing) and Performance	YES
H4a: For the first generation family firms, the relationship between Marketing-Orientated Competitive Tactic (Marketing) and Performance is stronger than for second and later generation family firms	YES
H5: Second and later generation family firms have greater Performance than the first generation family firms.	YES

(Source: Own elaboration)

For micro and small Czech wine family firms, the general picture of the main competitive tactics and their influence on performance is presented in the following aspects. Quality-orientated competitive tactic (QUALITY), Innovation-orientated competitive tactic (INNOVATION) and Marketing-orientated competitive tactic (MARKETING) have a positive impact on Performance (Figure 28). However, we cannot prove that Cost-oriented competitive tactic (COST) is a competitive tactic that has a positive influence on performance.

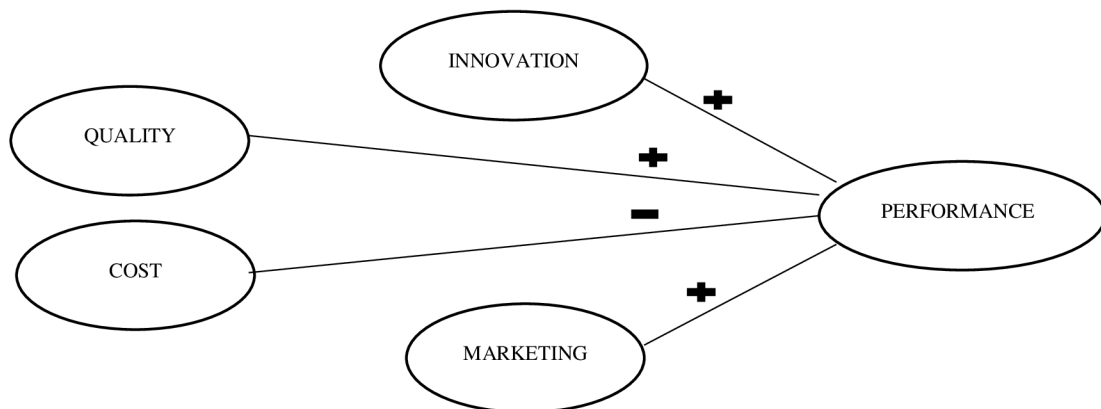


Figure 28 The general relationship map of connections between competitive tactics and performance of selected wine family firms disregarding generational differences

(Source: Own elaboration)

One of the features of the selected sample (and generally wine firms in the Czech Republic) is modern tendency to be as boutique wineries. It can be described as a winery who is a small, quality-centric and that makes a lifestyle wine. *“Today, the meaning is simply wrapped up in the word quality.”* (What is a Boutique Winery? 2016). Usually, this quality supports the name or brand of a winery. Here it possible to see some features of differentiation strategy that aims to provide better products or services to meet customers’ needs (Belohlav, 1993; Chung et al., 2010). Thus, generally tactic of family wine firm orientated to quality is positively related to performance that confirms results of previous studies (Ruiz-Ortega & Garcia-Villaverde, 2008; Castillo Apraiz, 2015).

Interesting results were obtained in regard to Cost-orientated competitive tactic for selected wine family firms, not taking into account generational stage of these firms. In fact, generally it has a negative impact, that is, a greater emphasis on cost reductions will bring worse results. The hypothesis that generally there is a significant positive relationship between Cost-oriented competitive tactic (Cost) and performance is rejected, there is a significant negative relationship. If we will return back to the theory, then this tactic is a tool for implementation of cost leadership strategy, which is establishing a competitive advantage by having the lowest cost of operation in the industry and it aims to exploit scale of production. It refers to the “integrated set of actions taken to produce goods or services with

features that are acceptable to customers at the lowest cost, relative to that of competitors” (Hitt et al., 2011). Thus, this competitive tactic aims to achieve the minimum possible cost in an industry while avoiding defects and waste (Belohlav, 1993; Chung et al., 2010) by reducing production and operational costs and increasing the organization’s capacity and efficiency (Porter, 1980). Based on our observation and expert estimates, the majority of selected wine family firms for this research (as a majority of represented wine family firms in the Czech Republic) produce up to one hundred thousand bottles a year. According to expert estimates, the optimum for maintaining the business and supporting the family is the production of eighty thousand bottles a year. Thereby, these firms do not have the space to reduce their costs on the basis of the scale of production. This is a classic issue, the consequence of which is that such wine boutique firms do not offer their products to hypermarkets. They have no opportunity to lower prices and compete with medium and large wine firms. To do this, such firms would have to produce such a large number of wine bottles (according to experts, approximately one hundred fifty thousand - one hundred eighty thousand bottles per year) in order to withstand price negotiations with wholesalers from chain hypermarkets so, that at the same time it would be in the interests of these wine family firms. Thus, it explains the general position concerning the relationship between Cost-orientated competitive tactic and performance of micro and small wine family firms. The same results were obtained by Castillo Apraiz (2015), who discovered that for German pharmaceutical sector this tactic has also a negative effect on performance.

The results of the research revealed the significant positive relationship between Innovation-orientated competitive tactic (INNOVATION) and performance for all selected wine family firms disregarding generational differences. It can be explained that in our days the wine production without innovation is a hard process; the lack of innovation or their small implementation prevents the winemakers from remaining competitive and evolving with the times (Agriculture, 2016). Management research considers an exploration of new methods of development including innovation as very important for achieving the best performance and success in the long term (Benner & Tushman, 2003; Gibson & Birkinshaw, 2004; Gupta et al., 2006; March, 1991; Tamayo-Torres et al., 2017). This competitive tactic is part of differentiation strategy, where innovation in differentiation relies on appearance to

distinguish new products and technologies and leads competitors in innovation; it may impose high prices (Miller, 1986). Many studies demonstrate the positive relationship between innovations' implementation and performance. For example, Camisón and Villar-López (2014) reveal that the adoption of organizational innovation improves the firm's technical capabilities to develop new products and processes that lead to their superior performance. Lee et al. (2017) in their study prove that innovation strategies have significant impacts on radical product innovation in both high-tech and low-tech industry and firm performance. Aylward (2002) in his work emphasizes the significance of collaborations with public sector bodies, which are orientated to R&D processes, as an opportunity for expansion, particularly to small and medium wine firms. He also offers to follow the example of Iceland with a requirement that institute researchers (whether government or cooperative) at the center of R&D activity, spend approximately one day per week visiting small firms to discuss relevant issues. In the Czech Republic as well, the cooperation between researchers of universities and wineries also takes place. For instance, there is a project "Wine-growing and viticulture to preserve and restore the cultural identity of wine-growing regions in Moravia" based at Masaryk University and supported by Ministry of Culture of the Czech Republic (Kladiwa, 2016). Many other local universities provide study programs and research in an area of winegrowing and winemaking development. King and Forbes (2013) assume in their study, that majority of innovations adopted in the New Zealand wine industry are incremental, rather than radical, because the incremental innovations are less expensive and risky than radical innovations. They revealed the reasons of why New Zealand wine firms are implementing innovative strategies for several reasons, including cost reduction, to respond to changes in the external environment, to capture the imagination of consumers with fresh and exciting products, to provide solutions to particular consumer problems, and to attract new consumers who have not previously engaged with a product. These drivers of innovation are particularly pertinent given the extremely competitive global wine market. Besides that, interesting tendency occurs in last years in accordance to innovations in the wine sector that is in the production of radical innovation wine product in the Czech Republic – orange wine. This kind of wine captures local regular customers and attracts potential customers. According to literature research and experts estimates, more and more Czech

winemakers produce orange wines. Orange wines are technologically and sensibly completely different than others. Orange wine is made from white grapes but essentially like red wine, in contact with peels by ancient natural methods based on long-lasting maceration of grapes, which lies for several months on yeasts, for example in older oak barrels. This is an example of how the supply of Moravian wines in the Czech Republic has been enriched and it had contributed in part to the return of original ancient technologies in conjunction with modern processes of controlled fermentation. Thereby, generally, there is a positive relationship between Innovation-orientated competitive tactic (INNOVATION) and performance for selected micro and small wine family firms.

The research results demonstrate a positive significant relationship between Marketing-orientated competitive tactic (MARKETING) and performance disregarding generational differences. The development of new products and already existing ones need advertising, promotion, etc. to be truly effective. These results confirm the outcomes of other studies (Castillo Apraiz & Matey, 2015). According to the experts, marketing activity of wine family firms is manifested in the whole marketing mix 4P (Product, Place, Price, Promotion), not only in Product that these firms produce. Šperková and Skýpalová (2012) in their paper study the strategic options for wine sector in the Czech Republic, they notice that wine firm within a marketing strategy implementation should realize a complex nationwide marketing campaign to be competitive. Although, they assert that the most appropriate promotional (communication) tools as part of a marketing strategy would be advertising on the Internet, advertising through billboards and via the print media. Based on the study of Bergalli et al. (2012), many Italian wine firms use social media as a low-cost tools in their marketing strategies to improve their performance. Czech wine family firms also prefer Internet advertising and using of social media based on the same reasons and because of the Czech Republic belongs among the countries where online shopping is the most popular (Online shopping, 2016). In addition, implementation of innovations in marketing technics (as a part of Marketing-oriented competitive tactic) is proven to be effective in increasing firm performance in other studies (e.g., Gupta et al., 2016). Thereby in general, there is a significant positive relationship between Marketing-orientated competitive tactic (MARKETING) and performance.

Next, there is an interpretation of findings for selected wine family firms regarding the generation stage (see Figure 29 and Figure 30). For selected firms in the first generational stage, the similar results are obtained but with the following difference: there is insignificant relationship between quality-oriented competitive tactic (QUALITY) and performance. Because as the experts' assumptions, the founders and their descendants have a different point of view on the processes of production and improvement of firms' performance. The founders, who run the business several decades ago, followed the principle to produce as much product as possible; they focused on quantity, not quality. It was also expressed in the sale of wine in cans, not caring about who their final consumer is; where their wine will be sold and who will buy it. As far as selected wine family firms in the second generational stage, there is a significant positive relationship between quality-oriented competitive tactic (QUALITY) and performance. It can be explained by that next generation understand the needs of the modern local market. They behave differently in order to the quality of product, they make the order of their wine dividing it based on levels of quality, a method of collection and production. Based on the philosophy of orientation on the quality of wine products, the association "Young winemakers" was established, which brings together winemakers from the Czech Republic under the age of forty years. Besides that, these are mostly representatives of the second and further generation of winemakers, who "*follow traditions*

of Moravia and desire to promote the Czech Republic as a traditional wine region, but it is also able to follow new trends in the field.” Young winemakers (2016).

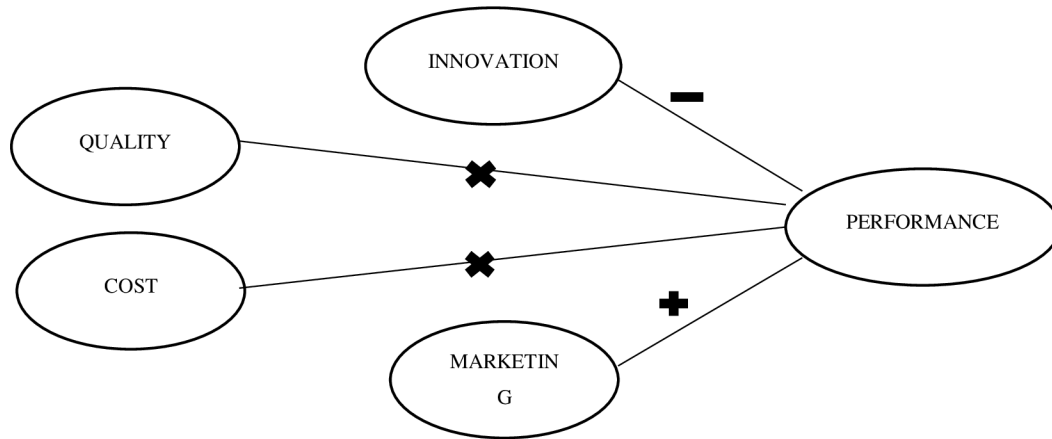


Figure 30 Relationship map of connections between competitive tactics and performance of selected wine family firms in the first generational stage

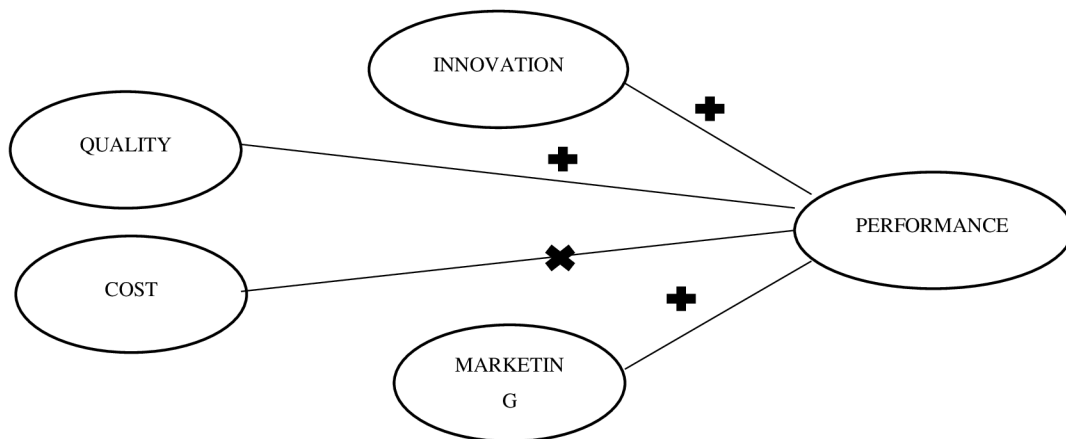


Figure 29 Relationship map of connections between competitive tactics and performance of selected wine family firms in the second generational stage

(Source: Own elaboration)

For selected wine family firms in the first generation, there is no significant relationship between Cost-oriented competitive tactic (Cost) and performance. The same situation is for selected firms in the second and further generational stage, despite that general picture of the relationship is negative. When we divided firms according to generations, we discovered no significant relationship between observed variables. The situation on the Czech wine market is changing for last twenty years (the period of generational changing) towards to quality

orientation that leads to a retreat from Cost-oriented competitive tactic, from the desire to reduce costs as much as possible, to locate product in the low-priced market segment. The first and the next generations need to follow modern tendencies to quality orientation to survive and develop. Changes in the wine law also put pressure on wine family firms in the first generational stage, making it more difficult for them to neglect of quality due to the quantity. Micro and small wine family firms in the first and the second generational stage do not have a capacity to reduce costs through mass production. They gain a competitive advantage by referring to improving the quality of the product and increasing their reputation. Thereby, we can observe the absence of significant relationships between Cost-oriented competitive tactic (COST) and performance, considering the wine family firms in accordance with the generational stage.

With reference to selected wine family firms in the first generational stage, we discovered a significant negative relationship between Innovation-orientated competitive tactic (INNOVATION) and performance. It can be explained again by the difference of the business philosophy and perception of innovations' importance in this field between generations. Based on the experts' estimation, the first generation's representatives are based on the aim to "empty" the cellar or produce wine and sell it as soon as possible that allows them to make room for further harvest and production. Thereby, the first generation's representatives orientate on the quick money turnovers unlike representatives of selected firms in the second and further generations, who prefer to leave the wine to ripen, sell the product at optimum bottle maturity and, accordingly, at a higher price. Then, there is an opposite situation with selected wine family firms in the second and further generational stage: we discovered a significant positive relationship between Innovation-orientated competitive tactic (INNOVATION) and performance. These firms have some capital or savings thanks to the efforts of the first generation/ earnings in another work/ loan or subsidies. Majority of the next generation's representatives of wine family firms invest this money to technologies and innovation development of their business. They orientate on the product potential and prefer to improve the quality of this product and service through innovations. Many young winemakers as representatives of the next generation prove that implementation of innovations is connected with quality orientation; the production of wine

products based on the innovations is typical for the next generations of winemakers (Solaříková, 2018). Thus, it confirms the results of other studies pointed on the following: to stay competitive and to assure their long-term survival, the second and later generations are likely to push an innovation-orientated tactic as they bring new technologies to the firm (Fernández & Nieto, 2005; Gallo & Pont, 1996).

The last competitive tactic (MARKETING) and its influence on the performance of selected wine family firms taking into account the differences between generational stages is presented. With reference to selected firms in the first generational stage, we discovered a significant positive relationship between Marketing-orientated competitive tactic (MARKETING) and performance. For selected firms in the second and further generational stage, there is also a significant positive relationship between Marketing-orientated competitive tactic (MARKETING) and performance. It can be explained by that all firms in the first and further generations strive to identify their brand, implement some innovation in marketing techniques, promote and advertise in industry and above it, communicate with their customers on the language they their customers prefer (internet and social sites, different events and etc.). The marketing dimension offers an attractive package – a good product or service and product image, and suitable locations (Miller, 1986). Besides that, we revealed that for the first generation firms the relationship between Marketing-Orientated Competitive Tactic (MARKETING) is stronger than for second and later generation family firms. It can be due to that when the second or further generation takes the reins, they already have a better perception of modern business technologies and trends, they do not focus only on marketing-orientated competitive tactic as the first generation representatives, they try to utilize different tactics simultaneously (as it shown on the Figure 30).

Thereby, the whole picture of relationships between competitive tactics and performance for selected firms with respect to the generational stage is the following. For selected wine family firms in the first generational stage, the following results were obtained: Quality-oriented competitive tactic (QUALITY) and Cost-orientated competitive tactic (COST) has no significant relationships with performance. Besides that, Innovation-orientated competitive tactic (INNOVATION) has a negative impact on performance. On the contrary, Marketing-orientated competitive tactic (MARKETING) has a positive impact on

Performance. The hypothesis that for the first generational firms the relationship between Marketing-Orientated Competitive Tactic and Performance is stronger than for the second generation firms was accepted.

For selected wine family firms in the second and further generational stage, the results are almost the same as for family firms in general with the following difference: Quality-orientated competitive tactic (QUALITY), Innovation-orientated competitive tactic (INNOVATION) and Marketing-orientated competitive tactic (MARKETING) have a positive impact on Performance. But Cost-orientated competitive tactic (COST) has no significant relationship with performance.

In addition, selected wine family firms in the second and further generations have greater Performance results than the first generation of family firms. According to the literature, with a lower emphasis on family objectives in later generational stages, economic considerations become more important for family members (Gomez-Mejia et al., 2011). We assume that the explanation of this findings can be that second and further generational family firms have bigger experience and background, they have own statistical data, these firms have better knowledge of the modern market and customers' needs, these firms are better versed in new production and marketing technologies, which in turn has a positive effect on performance.

5 CONCLUSIONS AND IMPLICATIONS OF THE DISSERTATION THESIS

The conclusions that are provided next cover the theoretical and empirical aspects that have been addressed throughout this thesis. These conclusions react to the achievement of the main aim, which in turn make it possible to achieve the objectives of the work (see Chapter 1.1), which is to analyze the relationships between the main competitive tactics and performance of family firms in general and regarding the generation stage of the family firms.

The family business is the most prevalent and pervasive form of business throughout all the history. Based on the literature and statistics it is possible to affirm the family business is a keystone of most national economies all over the world, inclusively the Czech Republic (Machek & Hnilica, 2013; Strazovska & Jancikova, 2016; Stevanovic, 2014; Maret, 2014; Patel, Pieper & Hair, 2012). Moreover, the family firms are considered to be historically the oldest and most widespread way of farming and all existence in the countryside in the Czech Republic, built on the principle of full responsibility of the farmer and his family. The family business consists of two main components: family and business. This combination determines the specification of that kind of business. Both have an influence on each other. While the subject achieves maturity, researchers are composing concepts as family business essence and family impact of the firm. Primarily, family business research concentrates on understanding and interpretation of family business nature and differences from non-family business (Debicki *et al.*, 2009). In addition, there are investigations about these aspects' impact on business performance (Mazzola *et al.*, 2013). Despite that, the further research about a family business performance in this context is needed. Because, indicators, using in the early studies, do not fully cover the specific features and functioning of the family business (Hienerth & Kessler, 2006).

This research used a comprehensive overview of the main findings of the nature and current situation of family business functioning, the main relationships between competitive tactics and performance of family firms in the Czech Republic. The conclusions and comparisons with previous research are provided.

The following research questions were addressed in this research:

- Q1. What is the nature of family business performance and competitive tactics?
- Q2. Which competitive tactics that could affect the family business performance?
- Q3. What is the differences of relationships between competitive tactics and family business performance for family firms in the first generational stage and second (and further) generational stage?

In order to answer these research questions, in the first step, a comprehensive and structured analysis of existing worldwide studies was conducted, relating to family business definition and its features including strengths and weaknesses. Thus, the analysis of family business definitions for the last 20 years has been carried out. During the scientific investigation of family business essence, it was detected, that huge diversity of the family business definition leads to problems in practice. Thereby, there is no precisely defined definition and accepted by the scientific community. This leads to the problem with comparativeness of statistic data about the family business. Moreover, there is no apparent definition for the family in the legislation of the Czech Republic. Based on these results, the definition of family business was defined, which should describe well representative family firms in the Czech Republic and was used for primary research: *“Family firm is a firm that is owned and controlled by one family or some members of that family; in addition, there is reason to believe that in the future the current generation will transfer its right of firm’s ownership and management to the next generation”*. Next, the strengths and weaknesses of the family business were detected and analyzed. Moreover, the actual situation of the family business in the Czech Republic was studied. The majority of family business was represented by micro and small firms. As reported by some expert estimates, from the total number of active Czech business entities, the small and medium-sized firms amounted to 99.84% (Rozbroj, 2014). Actually, the situation in Czech family SMEs is relatively positive in comparison with non-family business. The initial focus on family business research is to understand and interpret the nature and the differences of the family business from non-family businesses (Debicki *et al.*, 2009) and the process how these options influence a family business performance (Mazzola *et al.*, 2013). However, there is a need for additional research on family business performance (Hienerth & Kessler, 2006). We detected that many factors could be

responsible for explaining family business performance. Some academics have given their attention to the importance of focusing on strategic actions for increasing own competitiveness and performance for small and micro family firms. Early studies showed that competitive tactics influence business performance (Castillio-Apraiz & Matey, 2015). Based on the literature review, competitive tactics play a major role in explaining various levels of organizational performance. Some studies affirm that they are the linkers between strategy formulation and its implementation creating the mainstay for the formation of strong competitive advantages (Castillio-Apraiz & Matey, 2015). A literature approves, the main firm's competitive tactics are the following: Quality-Oriented Competitive Tactics (Quality), Cost-Orientated Competitive Tactics (Cost), Innovation-Oriented Competitive Tactics (Innovation) and Marketing-Oriented Competitive Tactics (Marketing). Additionally, our results are in line with family business research suggesting that family firms are heterogeneous in term of economic and family goals (Chrisman, Sharma, Steier, & Chua, 2013; De Massis & Kotlar, 2014). Furthermore, our results support previous arguments that generational stage is the main cause of heterogeneity in family firms (Blanco-Mazagatos et al., 2018; Eddleston et al., 2013; Sonfield & Lussier, 2004). Several scholars detected that the relative importance of family goals may vary (Chrisman & Patel, 2012) among first-generation firms, which are more oriented toward family objectives, and later-generation firms, which are more likely to focus on economic objectives (Sciascia et al., 2014). In this research we chose the competitive tactics as the main factors that are connected and may influence the family business performance. It should be noted, there is an evident gap in the research of competitive tactics and performance from the perspective of family business, but greater mileage was found in studies of differences between generations of family businesses. Thereby, there was established the intention to fill the gap in defining the differences between the relations of competence tactics and performance for family firms in a different generational stage. Within the framework of the aim, we carried out an analysis of the measurement for the family business performance and competitive tactics; suitable validated scales and indicators were chosen from the previous studies. For the further primary analyses, the wine sector was chosen as lively representative of the family business, where for decades the traditions and skills have been transferred from generation to

generation (Woodfield and Husted, 2017; Neuber, et al., 1998). The majority of wine family firms in the Czech Republic are micro and small-sized (Šperková & Hejmalová, 2012).

In the second step, we prepared and conducted two empirical studies. The research strategy for data collection was a survey strategy. For the first survey (pilot study) face-to-face structured interview technique was used within qualitative research applying open-ended questions. Open coding was applied through the Atlas.ti software. The obtained results related to three parts according to the main research areas: the role of family in the family business in the wine sector, competitive tactics, and performance of the family business. The results of pilot study facilitated to support of the viability of theoretically established hypothesis and to create a conceptual framework around the family business performance of micro and small family business in the wine sector in the Czech Republic. The findings indicated the presence of various features of the main competitive tactics and their utilization in the functioning of selected wine family firms. The findings revealed some important aspects with regard to the functioning of the wine family business in the Czech Republic. The main detections related to respondents' perception of family business and its advantages; family ties of involved family members into business and their activities in that business; management and ownership structure; decision-making process, succession and perception of family business performance.

Next, another part of research, was focused on the detection of the relationships between the main competitive tactics and family business performance. For the second survey the technique of face-to-face interviewer –administrated questionnaires were applied to get a higher response rate (Saunders et al., 2003) within quantitative research. The findings indicated that the second and later generation family firms have greater performance than first generation family firms. Similar findings were obtained in earlier studies (Zahra, 2005, Fernández & Nieto, 2005; McConaughy & Phillips, 1999; Diwisch, Voithofer & Weiss, 2009). The second generation family firms bring fresh knowledge and insights into the business, which positively affects the motivation to develop, innovate, and grow.

The Mann-Whitney U test was undertaken to determine whether any significant difference between the utilization of competitive tactics by selected family firms with regard to the generational stage. The results indicate a significant difference between the first and second

(and further) generation family firms in utilization of competitive tactics. Similar findings were obtained in earlier studies by Galve-Górriz and Salas-Fumás (2011), Bammens et al. (2008), Schulze et al. (2003), and Gersick et al. (1997). However, the thesis demonstrates new evidence of distinctions between wine family firms in different generations regarding the use of the main competitive tactics.

Furthermore, the thesis provides new evidence to understand the effect of competitive tactics on family business performance, drawing on data from Czech wine firms. To have a more balanced impression of family business performance, a combination of financial and non-financial outcomes was used. By using Spearman's coefficient of correlation, this study investigated the relationship between the utilization of the main competitive tactics and family business performance. As for the overall picture without taking into account the difference between generations, the findings indicate that there is a significant positive relationship between the following tactics: Quality-Oriented Competitive Tactics (Quality), Innovation-Oriented Competitive Tactics (Innovation), Marketing-Oriented Competitive Tactics (Marketing) and performance. Just Cost-Oriented Competitive Tactics (Cost) has negative relationship with performance. The regression analysis confirmed that better performance outcomes were predicted by higher utilization of competitive tactics as Quality, Innovation and Marketing, and by less utilization of Cost-Oriented Competitive Tactics. Other findings relate to differences between utilization of competitive tactics and its relationships with performance according to the generational stage of the firm. Based on correlation and regression analysis, for the second (and subsequent) generation family firms, the relationship between Quality-Oriented Competitive Tactic (Quality) and performance is stronger than for the first generation firms; for the first generational firms there was no significant relationship found between observed variables. Moreover, there were none significant relationships between Cost-Oriented Competitive Tactics (Cost) and performance either for first generational firms or for second and further generational firms. Next, for second and later generation family firms the relationship between Innovation-Oriented Competitive Tactic (Innovation) is stronger than for first generation family firms. The provided analysis confirmed that better performance outcomes were predicted by higher utilization of Innovation-Oriented Competitive Tactics for the second (and further)

generational family firms. Also, the worst performance outcomes were predicted by higher utilization of Innovation-Oriented Competitive Tactics for the first generational family firms. We found out that there is a significant positive relationship between Marketing-Oriented Competitive Tactics (Marketing) and performance as for the first, as for the second and further family firms. The better performance outcomes were predicted by higher utilization of Marketing-Oriented Competitive Tactics for all generations of family firms. Besides that, it was revealed that for first generation family firms the relationship between Marketing-Oriented Competitive Tactic (Marketing) is stronger than for second and later generation family firms.

Summing up, the findings indicate the main competitive tactics which can bring a significant impact on family business performance both in general and for family firms according to the generational stage. The proposition of a new view of the family business performance and relationships with selected factors as competitive tactics can contribute to the development of the existing family firms and business theory, support firms for its stable growth and fill the gap between theory and practice. Understanding the relationships between competitive tactics and family business performance outcomes will guide and provide family firms to move to a more practice-based approach.

6 CONTRIBUTIONS OF THE DISSERTATION THESIS

6.1.1 Contributions in science

The research about the relationships between selected factors that could affect the family business performance covering competitive tactics can provide the significant contribution in the business and management theory, improving the existing approaches of competitive tactics adjustment, and gives a background for the further research in order to put the theory on the next level of its evolution. Because there is a gap between theory and practice on the theme family business in wine sector application. Thereby, the main points of contribution in science are the following.

Firstly, the results of this study enrich existing theory by analyzing family business definitions for the past 20 years. In addition, an analysis of the strengths and weaknesses of the family business contributes to the theory.

Secondly, this research takes a significant step in the utilization of competitive tactics by family firms in the Czech Republic. Since the utilization of different competitive tactics could affect the family business performance, owners of family business should consider and utilize certain competitive tactics or its combination, which fits their needs in performance.

Thirdly, this research fills the gap in the theory of heterogeneity in family firms based on generational stage. The findings indicate that generational stage plays important role in utilization of competitive tactics and its relationship with performance. It is a new view on the different behavior of family firms according to the competitive tactics and its relationships with performance.

6.1.2 Contributions in practices

The following implications for the practice of family business owners arise from this study: This study reports the nature and practice of competitive tactics in wine family firms working in the Czech Republic. In this sense, family business owners can better understand the actual practice and application of different competitive tactics.

- 1) The findings indicate that business performance construct has the multidimensional nature, especially in family business case. For estimation of family business performance family firms should consider both business and family goals, and based on this they should evaluate business and family indicators accordingly. Besides that, multiple as financial as not financial performance measures should be included in the analysis.
- 2) The proposed multidimensional framework sheds light on the potential impact of competitive tactics used by wine family firms in the Czech Republic on family business performance. This research shows which particular indicators belong to certain competitive tactics, as well as how different competitive tactics are linked to family business performance outcomes. Therefore, family firms should consider the choice of competitive tactics as a significant component for better family business performance.
- 3) The main recommendation for family firms in the first generation is to focus more on the Marketing-orientated competitive tactics and be cautious to apply Innovation-orientated competitive tactics in order to elevate the family business performance. Despite the absence of a relationship between Quality-orientated competitive tactics and performance, based on literature and expert evaluation, we recommend these firms to pay attention to this tactics. For the family firms in the second and further generations, we recommend to focus on the Quality-Oriented Competitive Tactics (Quality), Innovation-Oriented Competitive Tactics (Innovation) and Marketing-Oriented in order to facilitate family business performance of their firms.

Therefore, the information about the relationship between competitive tactics and family business performance will give family firms the opportunity to manage its consequences effectively in order to provide stable performance of a firm with its further stable growth. The obtained results can be useful for local wine family firms as a collection of warnings

and recommendations for possible to strengthen its market position, growth and development.

6.1.3 Contributions in teaching

The analysis of the relationships between selected factors and family business performance provide a new knowledge about the family business and its functioning. The business performance is one of the essential elements on the management of a firm. And competitive tactics is applied in strategic management. The problem is to summarize the theoretical and practical information about the family business performance and factors that can influence from a great amount of literature, which specified that information from a different angle, moreover, within the family business. Thus, there can be established the separate discipline about family business giving the knowledge about the definition, features, structure, functioning, and certain competitive tactics and its application in wine sector as well.

A new approach to enhancing of family business performance provides a summarized knowledge from previous studies and new primary research for students in order to increase the education level. Obtained results can be used in the teaching of subjects: management, entrepreneurship, small business, and family business.

7 Limitations and further directions of the research

Several limitations should be mentioned with regard to this study. Firstly, regarding the inability to describe all factors influencing the family business performance, the author concentrated just on the most “suitable” factors for selected business entities mentioned in the secondary literature by academics with respect to competitive tactics. Besides that, the focus was just on the main competitive tactics mentioned in the literature.

Secondly, the general limitation of the family business research is the absence of a precisely defined definition of family business and accepted by the scientific community. Moreover, there is no apparent definition for the family in the legislation of the Czech Republic. Besides that, the research on family business in the wine sector is practically non-existent (Soler at al., 2017), especially with regard to the Czech Republic. Thereby, there is not established criteria according to which firms were clearly characterized as family firms and were accurately counted. Therefore, it is impossible to clearly define the exact number of family-owned firms in the Czech Republic, especially in the wine sector.

Thirdly, in order to achieve the objective of the dissertation work, the author had to expand the research. In the first conducted qualitative research the author concentrated on comprehension of the current situation, functioning and creation a conceptual framework for family business in the wine sector in the Czech Republic, while the second quantitative research was focused on relationships between family business performance and competitive tactics.

One of the limitations is the fact that it observed only Czech family firms. The sampling was made among wine family firms from South Moravian Region. Moreover, the research observed only micro and small family firms, because the majority of family business in the Czech Republic is represented by micro and small firms, especially in the wine sector. Besides that, the limited amount of wine family firms were observed in the research. In the further research, this amount can be expanded. Another limitation is that the study did not examine moderating effects that may influence competitive tactics - performance relationship (such as family influence, organization structure, external factors, etc.). Another potential limitation concerns the determination of family business performance. Studies

which measure family business performance are obviously facing difficulties with the determination of performance measures.

The scope of future research may be extended by examining other competitive tactics and family business performance outcomes, which may reflect additional interesting relations within a longer time period. Moreover, the future research may be extended by creation of the model, where the relationship between competitive tactics and performance will be expanded by analyses of mediators and moderators variables.

Despite these limitations, the study provides new evidence on how the main competitive tactics can affect family business performance, as well as explains the utilization of these tactics in Czech wine family firms. Although, the differences between in utilization of competitive tactics and its relationships with the performance was provided according to the generational stage of family firms. This is an advantage over previous studies that did not consider that for different generations of family firms, the relationships between competitive tactics and performance may differ. Moreover, summarized knowledge from previous studies can contribute to the development of the research in this field; also a broad range of definitions of the family business was considered and the most suitable was created. In conclusion, the author believes that this study will prompt researchers to conduct additional research in this area.

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Appendix 1: The list of main family business definitions of twenty and twenty-first century

Author (s)	Definition of family business	Code
Donnelley, 1964	"A business is considered as a family business when it has been closely identified with at least two generations of a family and when this link has a mutual influence on business's policy and on the interests and objectives of the family"	C
Barry, 1975	"An business, which, in practice, is controlled by the members of a single family"	C
Barnes <i>et al.</i> , 1976	"Controlling ownership is rested in the hands of an individual or of the members of a single family"	A,C
Bernard, 1975	"An business which, in practice, is controlled by the members of a single family"	C
Arquer, 1979	"Family-owned business is that, held by a group of people, being in a family relationship"	A
Alcorn, 1982	"A profit-making concern that is either a proprietorship, a partnership, or a corporation. If part of the stock is publicly owned, the family must also operate the business"	C
Davis, 1983	"It is the interaction between two sets of organization, family and business that establishes the basic character of the family business and defines its uniqueness"	D
Beckhard <i>et al.</i> , 1983	"The subsystems in the family business system . . . include the business as an entity, the family as an entity, the founder as an entity, and such linking organizations as the board of directors"	D
Rosenblatt <i>et al.</i> , 1985	"Any business in which the majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business"	A, C
Davis <i>et al.</i> , 1985	"A business in which two or more extended family members influence the direction of the business" (quoted in Rothstein, 1992)	C
Stem, 1986	"[An business] owned and run by members of one or two families"	A, C
Dyer, 1986	"A family business is an organization in which decisions regarding its ownership or management are influenced by a relationship to a family (or families)"	A,C
Stern, 1986	"Owned and run by the members of one or two families"	A, C
Pratt <i>et al.</i> , 1986	"One in which two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles, or ownership rights"	A, C
Churchill <i>et al.</i> , 1987	"What is usually meant by 'family business' . . . is either the occurrence or the anticipation that a younger family member has or will assume control of the business from an elder"	B
Babicky, 1987	"Is the kind of small business started by one or a few individuals who had an idea, worked hard to develop it. and achieved, usually with limited capital, growth while maintaining majority ownership or the business"	A
Ward, 1987	"[A business] that will be passed on for the family's next generation to manage and control"	B
Lansberg <i>et al.</i> , 1988	"A business in which the members of a family have legal control over ownership"	A
Handler, 1989	"An business whose major operating decisions and plans for leadership succession are influenced by family members serving in management or on the board"	B, C
Dreux, 1990	"Are economic firm that happen to be controlled by one or more families (that have) a degree of influence in organizational governance sufficient to substantially influence or compel action"	C
Leach, 1990	"A firm in which more than 50 percent of the voting shares are controlled by one family, and/or a single family group effectively controls the firm, and/or a significant proportion of the firm's senior management is members from the same family" (quoted by Astrachan, 1993).	A
Vogler, 1990	Family business is described by following criteria: interest of family members in the business, ownership (the majority of voting rights belong to family), family members are involved in the management.	A, C

Dimckels <i>et al.</i> , 1991	“If family members own at least 60 percent of the equity“	A
Gallo <i>et al.</i> , 1991	“A business, where a single family owns the majority of stock and has total control“	A
Lyman, 1991	“The ownership had to reside completely with family members, at least one owner had to be employed in the business, and one other family member had either to be employed in the business or to help out on a regular basis even if not officially employed“	A, C
Hollan <i>et al.</i> , 1992	“Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families”	D
Welsch, 1993	“One in which ownership is concentrated, and owners or relatives of owners are involved in the management process“	A,C
Carsrud, 1994	“Closely-held firm's ownership and policy making are dominated by members of an "emotional kinship group"”	A
Litz, 1995	“A business may be considered a family firm to the extent that its ownership and management are concentrated within a family unit, and to the extent that its members strive to achieve and/or maintain intraorganizational family-based relatedness”	A
Chua <i>et al.</i> , 1999,	“The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a smaller number of families in a manner that is potentially sustainable across generations of the family or families”	A
La Porta <i>et al.</i> , 1999	With family business, the authors mean that one which is partly owned by one or more family members who together control at least 20 per cent of the total votes outstanding.	A
Goehler, 1999	Family business is a business activity, where the development depends on decisive and significant influence of family (equity capital or membership in statutory authority).	A
Familienunternehmen, 2000	Family business is a business activity in which there are at least two individuals, directly involved in the firm management and, when those individuals together or their families own 50% of the relevant business shares as a minimum	A,C
Astrachan <i>et al.</i> , 2002	There are three definitions of family business, which vary by the level of involvement of families in business.	C
Mandl, 2008	Family business is described by the active involvement of family members in the everyday’s firm activities, intention of current owner/manager to transfer business to the next generation, activities connected with family business must be the main sources of income/wealth of the family	B, C
Vallone, 2013	Definition of family business is based on three key principals: the degree of ownership, the intention to the succession, and the involvement of the family members in the business. But he concludes that constant involvement of family members or their relatives in the business is not crucial	A, B, C
Hanuska, 2014	Family business is the business where founder works in the continuous way with the relatives	D
Hnilica, Machek, 2015	Family business is described as business activity where 1) are at least two individuals with the same surname among the owners, or 2) there are at least two individuals with the same surname within the supervisory board, and 3) there are at least two individuals with the same surname within the management board	D

Source Author’s composition based on Handler, 1989; Chua, et al., 1999; Brockhause, 1994; De Massis, at al., 2012; La Porta, et al., 1999; Litz, 1995; Vallone, 2013.

Appendix 2: Questionnaire for qualitative research – pilot study

Dobrý den,

Dovoluji si Vás oslovit s prosbou o spolupráci při unikátním výzkumu vinařských rodinných podniků na Moravě. Vyplněním následujícího stručného dotazníku nám pomůže lepe pochopit celou problematiku a nasměrovat podrobný výzkum zacílený na situaci a především na možnosti, jak zlepšit a posílit konkurenceschopnost malých vinařů v České republice.

1. Jak chápete rodinný podnik ve vinařství?
2. Jak vnímáte výhody zapojení rodiny do podnikání v oblasti vinařství?
3. Kdo je zakladatel podniku?
4. Kdo je majitel podniku? Je on/ona zároveň aj ředitel podniku?
5. Kdo z rodiny je zapojen do podnikání? Jaké povinnosti má?
6. Mají členové Vaší rodiny možnost zapojení do rozhodování o podnikání? Jakým způsobem?
7. Slučují se vaší představy (představy ředitele) o podnikání s představami ostatních členů rodiny?
8. Uvažujete nad tím, že by jste (nebo majitel podniku) v budoucnosti předali podnik mladším členům rodiny?
9. Jaké jsou hlavní oblasti, ve kterých se snažíte rozvíjet podnikání?
10. Jakým způsobem se snažíte být lepší než vaši konkurenti? Co vnímáte jako vaše konkurenční výhody?
11. Probíhá výroba vašeho vína tradičními postupy nebo se orientujete spíše na použití moderních/nejnovejších technologií? Můžete uvést, prosím, nějaký příklad?
12. Používáte nějakou formu propagace? Jakým způsobem se o vás dozvědí potenciální zákazníci?
13. Jakým způsobem udržujete stále zákazníky?
14. Jak chápete výkon svého podniku? Jak by jste měřil/a tento výkon?

Děkujeme za spolupráci.

Za výzkumný tým

Anastasia Murínová

Appendix 3: Questionnaire for quantitative research

Vážené respondentky, vážení respondenti,

Jsem studentka doktorského studia v oboru Řízení a ekonomika podniku na Vysokém Učení Technickém v Brně. Obracím se na Vás s prosbou o pomoci v důležitém výzkumném projektu. Provádíme výzkum se zaměřením na *využití kompetenčních taktik a jejich vlivu na výkonnost rodinného podniku*.

Rádi bychom Vás požádali o vyplnění dotazníku. Vyplnění dotazníku potrvá maximálně 15- 20 minut. Prosím o Váš drahocenný čas.

Samotné otázky Vás nemohou poškodit. Šetření je anonymní a není spojováno s konkrétními jmény jednotlivých vinařství. Přibližně 100 vinařství se bude účastnit výzkumu. Vaše odpovědi mají důvěrný charakter a jako s takovými s nimi také budeme pracovat.

01. Na stupnici od 1 do 5 porovnejte prosím úroveň výkonu vašeho vinařství s konkurencí pro každou z následujících položek za poslední tři roky, kde:

1 = vysoce pod průměrem; 2 = nižší než průměr; 3 = v průměru; 4 = nad průměrem; 5 = vysoce nad průměrem.

	Podprůměrné		Průměr	Nadprůměrné	
	-				+
Pohybování se v segmentu trhu s nízkými cenami	1	2	3	4	5
Dosahování nejnižších nákladů za jednotku	1	2	3	4	5
Stanovení ceny nižší, než konkurenční	1	2	3	4	5
Rozsáhlé služby zákazníkům	1	2	3	4	5
Proces orientovaný na výzkum a vývoj	1	2	3	4	5
Přísná kontrola kvality	1	2	3	4	5
Reputace ve vinařském sektoru	1	2	3	4	5
Široká škála produktu (hrozny/vino a další produkty)	1	2	3	4	5
Vývoj nového produktu (v pěstování/ v produktu/ v obalu)	1	2	3	4	5
Vývoj a zdokonalování zavedených produktů	1	2	3	4	5
Pohybování v segmentech s vysokými cenami	1	2	3	4	5
Specializované produkty (mošty, oleje, kosmetika, krémy, džemy, vinné lázně apod.)	1	2	3	4	5
Identifikace značky (branding)	1	2	3	4	5
Vliv na distribuční kanály	1	2	3	4	5
Inovace v marketingových technikách	1	2	3	4	5
Propagace a uplatnění reklamy mimo vinařský sektor (gastronomie, turistika, apod.)	1	2	3	4	5
Snaha o kvalitu reklamy	1	2	3	4	5

O2. Jak byste hodnotili výsledky vašeho vinařství ve srovnání s výsledky vašich konkurentů ohledně následujících položek za poslední tři roky? Používejte pro zodpovězení otázek stupnici od 1 do 5:

1 = vysoce pod průměrem; 2 = nižší než průměr; 3 = v průměru; 4 = nad průměrem; 5 = vysoce nad průměrem.

	Podprůměrné		Průměr	Nadprůměrné	
	-			+	
Čistý zisk	1	2	3	4	5
Peněžní tok (cash flow)	1	2	3	4	5
Růst prodeje	1	2	3	4	5
Růst podílu na trhu	1	2	3	4	5

Definice pojmů:

- **Čistý zisk** je celkový výsledek hospodaření snížený o zaplacenou daň.
- **Peněžní tok** je čistý příjem peněžních prostředků z obchodních operací a ostatních aktivit za poslední tři roky.

O3. Na stupnici od 1 do 5 vyjádřete prosím svůj názor pro každou z následujících položek za poslední tři roky, kde

1 = úplně nesouhlasím; 2 = nesouhlasím; 3 = nemohu se rozhodnout; 4 = souhlasím; 5 = úplně souhlasím

	Nesouhlasím		Nemohu se rozhodnout	Souhlasím	
	-			+	
Rodinná harmonie je důležitým cílem při přijímání obchodních rozhodnutí	1	2	3	4	5
Sociální postavení mé rodiny je důležitým faktorem při přijímání mých obchodních rozhodnutí	1	2	3	4	5
Moje podnikání je úzce spojeno s identitou mé rodiny	1	2	3	4	5

Odpovězte prosím na následující otázky:

Která generace řídí rodinný podnik (první, druhá atd.)? Zakroužkujte.	1	2	3	4	5
Kolik zaměstnanců máte ve vinařství?					
Jak staré je vaše vinařství od založení?					
Jaký je právní status vinařství? Zakroužkujte.	<ul style="list-style-type: none"> • s.r.o. • a.s. • fyzická osoba 				
a) právnická osoba	<p>Jaké procento firmy vlastní rodina?</p> <p>Kdo je ze spolumlastníků zaměstnán ve vinařství?</p>				
b) Fyzická osoba	<p>Kdo z rodiny se podílí na podnikání?</p>				
Kolik generací se v současné době podílí na řízení podniku a strategických rozhodnutích? Specifikujte.					
Nejvyšší dosažené vzdělání majitele/lů vinařství? (základní, střední nebo vyšší vzdělání)					

Děkuji za Vaši podporu a spolupráci.

Anastasia Murínová

CURRICULUM VITAE

Anastasia Murínová

Maiden surname: Petlina



PERSONAL DETAILS

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Mobile phone +420739488625
E-mail petlina@fbm.vutbr.cz
Nationality Russian Federation
Date of Birth 12th of January 1990

EDUCATION

2014, September-present Doctoral (PhD) study

Brno University of Technology Faculty of Business and Management, Department of Management,
Doctoral program “Company Management and Economics”,
Dissertation thesis “Factors affecting the performance of small and medium-sized family business
in the wine sector”

2012 – 2014 Master's study (title Mgr.)

National Research Tomsk Polytechnic University, Russia,
Institute of Social and Humanitarian Technologies, Department of Economics,
Magistracy program “Economics of Enterprises and Corporate Planning”,
Diploma thesis “Innovations in the Russian and European purchasing market of real estate lending”

2008-2012 Bachelor study (title Bc.)

Tomsk Polytechnic University, Russia,
Faculty of Engineering and Economics, Department of Economics,
Bachelor program “Economics”,
Bachelor’s thesis “The mortgage lending system in the national economy: current problems and
development prospects”.

FURTHER EDUCATION

September, 2018 – present	Italian language
May, 2018	Training of the use of IBM SPSS AMOS software and data interpretation. ACREA CR, Prague
October, 2016- October 2017	Supplementary pedagogical education for high school teachers, Lifelong Learning Institute of the Brno University of Technology
25.02.2017	The one-day course “Time management with grace” from Lifelong Learning Institute of the Brno University of Technology
October-December, 2017	PPC Training and Tutorials (Google AdWords, Google Analytics, Facebook Manager)
18.01.2017	The one-day course on “Teaching using active learning strategies” by Orlando Griego, PhD, dean of the University of St. Francis Chicago – USA
19.09.16-23.09.16	One week course about the basics of scientific work, Czech Academy of Sciences
04.2016	Two weeks course “Atlas.ti course: An introduction to the work program”. Faculty of Social Studies, Masaryk University, Brno
04.2016	The one-day course “Partial Least Squares structural equation modeling (PLS-SEM) for Social Science Researchers”, Prof. Roldan. BUT.
19.06, 2015	”Post-conference Workshop of the 2 nd International Symposium on Partial Least Squares Path Modeling- The conference for PLS Users”, Seville, Spain
16.06. 2015	”Pre-conference Workshop of the 2 nd International Symposium on Partial Least Squares Path Modeling- The conference for PLS Users”, Seville, Spain
17.09.2015	The one-day course “Leadership I”, Brno, Czech Republic

INTERNSHIP

05-06.2018	Internship at University of Split, Faculty of Economics, Croatia
04.2018	Internship at Vienna University of Economics and Business, Austria
10-11.2015	Internship at Institute of Human Resource Management and Organizations, Hamburg University of Technology, Germany
05-06.2015	Internship at School of Economics and Management, University of Porto, Portugal

AWARDS AND SCHOLARSHIPS

2014-2015	Scholarship Award Certificate of South Moravian Centre for International Mobility, Brno, Czech Republic
2014	The nomination as the best graduate student of Tomsk city, Russia in 2014 in the category "The best in the specialty"
2013-2014	Additional Increased State Academic Scholarship, approved in accordance with the Decree of the Government of the Russian Federation for scientific achievements of 18.11.2011 № 945
2011-2012	Additional Increased State Academic Scholarship, approved in accordance with the Decree of the Government of the Russian Federation for academic and scientific

	achievements of 18.11.2011 № 945
2010-2011	The nominal grant of LLC "MDM Bank" Awarded in recognition of academic excellence and scientific activities, Tomsk

CONFERENCES, WORKSHOPS AND PRESENTATIONS

23-25, November 2017	Presentation of paper “Success of Family Company: Critical Evidence from the Portugal” at 5th Global Conference on Business, Economics, Management and Tourism (BEMTUR-2017), World Trade Conference Center, Barcelona, Spain
06.05. 2016	Presentation “Key Principals of Family Business Comprehension with Help of the Historical Analysis”. Presented at 4th International Conference "Innovation Management, Entrepreneurship and Corporate Sustainability", Prague, Czech Republic
12.2014-2015	Participation in the scientific workshops for PhD students with presentations, Brno University of Technology, Brno, Czech Republic
27–29.05. 2015	Presentation “The Family Ties Structure Of Family Wine Business In the Czech Republic”. Presented at XXII International Scientific Conference “Enometrics”, May 27–29, 2015, Brno, Czech Republic
28-29,05. 2015	Presentation “Strengths and Weaknesses of Small and Medium-sized Family Business in the Czech Republic”. Presented at 15 th international Scientific Conference “Perspectives of Business and Entrepreneurship Development, Brno, BUT, Czech Republic
28.11. 2014	Presentation “Theoretical Approach to a Family Business”. Presented at Workshop of specific research, Brno University of Technology

WORK EXPERIENCE

2014, January-2017, January	Specialist in Teaching Methods, Economics Department, Tomsk Polytechnic University, Tomsk, Russia
2013, September - 2014, July	The Ambassador of British American Tobacco Russia, Tomsk, Russia
February 2012-February 2013	Real Estate Agent in “RialService” company in Tomsk City, Russia
2009, June-August	Manager of children's camp «Kavkaz», Anapa city, Russia
2011, July- August	Accounter in JSC “Pirant-Service”, Tomsk, Russia

TEACHING ACTIVITIES AT THE FACULTY OF BUSINESS, BRNO UNIVERSITY OF TECHNOLOGY

2018-2019

Teaching of courses:

Management (in English)

International Business Research Methods and Team Consultancy Project (EibrmP) (in English)

2017-2018

Management (in English)

International Business Research Methods and Team Consultancy Project (EibrmP) (in English)

2016 - 2017

International Business Research Methods and Team Consultancy Project (EibrmP) (in English)

Small Business (RsembA) (in English)

Sociálně-psychologické kompetence manažera (KspkmP) (in Czech).

Participation in organizing team of “Brno International Week”, BUT.

2015 – 2016

Small Business (RsembA) (in English).

Participation in organizing team of “Brno International Week”, BUT.

2014 – 2015

Small Business (in English).

Participation in organizing team of “Brno International Week”, BUT.

ACTIVITIES AND POSITIONS OF RESPONSIBILITY

2017-2014	Member of the organizing team of “Brno International Week” based on Faculty of Business and Management, Brno University of Technology
2011-2014	Member of the International Club students «Buddy Building Club" of National Research Tomsk Polytechnic University Assistance in social adaptation, familiarity with country, city, nation, culture and people. Organize different events for foreign students
2011-2014	Coordinator of International course Russian language “Russian4Fun” for foreign students in English
2012	Volunteer for promotion of Erasmus Mundus - Scholarships and Academic Cooperation in Tomsk, Russia
2012, December	Students’ event organizer with support from the DAAD and Regional center of the German language and culture in Tomsk Polytechnic University

LANGUAGE SKILLS

Russian	Native
English	Upper-Intermediate
Czech	Upper-Intermediate
Slovak	Intermediate
Italian	Beginner

COMPUTER SKILLS

MS Office (Word, Excel, Access, Visio, Project, PowerPoint, Outlook)

IBM SPSS Statistics

Atlas.ti

SmartPLS

PrestaShop (ecommerce software)

OTHER SKILLS

Driving licence, category B – active driver

PUBLISHING ACTIVITY

2018

MURÍNOVÁ, A. Conceptual framework of family wineries in the Czech Republic: results of a qualitative research study. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 2018, roč. 66, č. 4, s. 955-967. ISSN: 1211-8516.

MURÍNOVÁ, A.; KORÁB, V. Success of Family Company: Critical Evidence from the Portugal. *Global Journal of Business, Economics and Management: Current Issues*, 2018, roč. 8, č. 3, s.100-108. ISSN: 2301-2579. DOI: <https://doi.org/10.18844/gjbem.v8i3>.

KORÁB, V.; MURÍNOVÁ, A. Family Business: Experience from the Czech Republic. In *Entrepreneurship - Development tendencies and empirical approach*. Janeza Trdine 9, 51000 Rijeka, Croatia: InTechOpen, 2018. s.160-180. ISBN: 978-953-51-3760-3.

MURÍNOVÁ, A.; KORÁB, V. Strengths and weaknesses of family business of the Czech Republic: case of family wine firms. In *Proceedings of the 6th International Conference Innovation Management, Entrepreneurship and Sustainability*. Praha, Czech Republic: Oeconomica, 2018. s.733-750. ISBN: 978-80-245-2274-6.

MAZÁNEK, L.; VRANIAK, L.; MURÍNOVÁ, A.; KONEČNÝ, Š. Significant leadership competencies at large industrial companies: Results of exploratory quantitative research. *Global Journal of Business, Economics and Management: Current Issues*, 2018, roč. 8, č. 1, s. 30-37. ISSN: 2301-2579.

2017

MURÍNOVÁ, A. Family relationships and its influence on family wine firms in the Czech Republic. *TRENDY EKONOMIKY A MANAGEMENTU*, 2017, roč. 11, č. 29, s. 51-58. ISSN: 1802-8527.

MURÍNOVÁ, A. Wine marketing: the case of micro and small wine Companies in the Czech Republic. In *Innovation Management, Entrepreneurship and Sustainability (IMES 2017)*. Praha, Czech Republic: Oeconomica, 2017. s. 641-653. ISBN: 978-80-245-2216-6.

2016

PETLINA, A. *Key Principals of Family Business Comprehension with Help of the Historical Analysis*. Book of abstracts of the 4th International Conference "Innovation Management, Entrepreneurship and Corporate Sustainability". Praha, Czech Republic: Oeconomica, 2016. p. 65-65. ISBN: 978-80-245-2154- 1.

2015

PETLINA, A.; KORÁB, V. Strengths and weaknesses of the small and medium- sized family business in the Czech Republic. In *Conference proceeding of the the 15th International Scientific Conference Perspectives of Business and Entrepreneurship Development*. 2015. p. 1-8. ISBN: 978-80-214-5226- 8.

PETLINA, A.; KORÁB, V. The structure of family ties within the family wine trading business in the Czech Republic. In *Enometrics XXII, Peer- Reviewed Conference Proceedings*. 1. Brno: 2015. p. 52-58. ISBN: 9788075093158.

PETLINA, A.; KORÁB, V. *Strengths and weaknesses of the small and medium- sized family business in the Czech Republic*. Perspectives of Business and Entrepreneurshio Development. Brno: Ing. Vladislav Pokorný - LITERA, 2015. p. 69-69. ISBN: 978-80-214-5198- 8.

Publications with BUT evaluation

PETLINA, A. Key principals of family business Comprehension with help of the historical analysis. in *Proceedings of the 4th International Conference "Innovation Management, Enterpreneurship and Corporate Sustainability" 26 - 27 May, 2016, Prague*. Praha, Czech Republic: Oeconomica, 2016. p. 540-553. ISBN: 978-80-245-2153- 4.

PETLINA, A. Success of family company: Critical evidence from the United States. *TRENDY EKONOMIKY A MANAGEMENTU*, 2016, vol. 10, no. 27, p. 57-66. ISSN: 1802-8527.

PETLINA, A.; KORÁB, V. Family business in the Czech Republic: Actual situation. *TRENDY EKONOMIKY A MANAGEMENTU*, 2015, vol. IX, no. 23, p. 32-42. ISSN: 1802- 8527.