MASTER THESIS

To attain the academic degree of
Master of Arts in Business
from the
Degree Programmes
International Marketing & Sales Management
of Campus 02 University of Applied Sciences

LEADERSHIP STYLES IN FAMILY BUSINESSES

Model and Challenges of Cooperative Leadership

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Graz, June 29th, 2018

Declaration of Authenticity

I hereby certify that I have written the present thesis independently and without help from any third parties. I have not used any sources other than those which are clearly indicated and have duly provided details of the sources of both direct and indirect quotations.

The present piece of work and parts thereof have to date not been presented to this or any other examination board in the same or similar form, nor have they been published. The present version is the same as the electronic version submitted.

Graz, June 29th, 2018

Andrea Güttersberger, BA BA

Principle of Equality

For readability purposes, gender-specific formulations have not been used in the present piece of work. It is, however, hereby expressly stated that when the masculine form is used to denote people, both sexes are being referred to.

Words of Thanks

A master thesis constitutes a big challenge and takes up a lot of time and energy. However, to hold this piece of work in your hands outshines all efforts. At this point, it is a pleasure to thank all those who guided and supported me during the entire master thesis process.

I want to express my special thanks to my thesis supervisor FH-Prof. DI Dr. Martin Duque who gave me intensive support with his extensive know-how during the whole master thesis process. Thank you very much for the valuable feedback, the many insightful discussions and above all for your patience and your tireless commitment. Your excellent support did not only characterize this master thesis, but also broadened my mind. It was a pleasure to work with you!

Many thanks also to the Styrian Chamber of Commerce, who supported me throughout the entire process and gave me the enormous opportunity to contribute to the future science. I am also thankful for the constructive feedback and contribution of Mag. Dr. Karin Madenberger, MSc, FH-Prof. DI Dr. Dietmar Wünschl, FH-Prof. Mag. Dr. Georg Jungwirth and Mag. Dr. Jul Martens over the course of the master thesis.

Further I want to particularly thank my boyfriend Stefan for his encouraging words, strength, patience and love. Thank you very much for your tireless support when going through difficult times and for encouraging me to keep going. I am grateful to have you on my side. Moreover, I want to thank my parents, my brother and Anna, who always give me strength and backing. Further thanks to my friends for their loving words and understanding. Special thanks also go to Sabrina, who consistently "borrowed me her brain" and made the efforts more endurable by sharing it.

My thanks also go to the experts, who have committed to take part in my market research. In an accelerating world, where time is precious and limited, it cannot be taken for granted to provide time and knowledge.

Last but not least, I am grateful for my fellow students, who made this time unforgettable. Thank you very much for your professional and emotional support, your team spirit, your encouraging words and your precious friendships. It was my honour to study together with you!

Summary

Family businesses (FBs) are fascinating creations of the business world. And not only that - with a turnover of around 616 billion euros and more than 2.92 million employees, FBs are by close definition (without sole proprietors) extremely important for the Austrian economy. Also the developments on social and technological levels are fascinating. Flexible working arrangements, digitalization, demographic change and much more bring fundamental changes to framework conditions, and especially in the field of leadership. In FBs, also endogenous factors have a major effect, which could constitute a challenge for the leaders.

The present work focuses on the cooperative leadership style and the exogenous and endogenous factors that influence this leadership style, as it has been shown that cooperative leadership is best equipped to overcome the challenges of a changing market. Nevertheless, only 24.3% of leaders in Styrian FBs apply the cooperative leadership style. Consequently, a model that visualizes this leadership style and its influencing factors is developed. In the created model, these factors are illustrated with the aim to achieve awareness of their importance for cooperative leadership exclusively. In addition, a tool that supports leaders by raising awareness of their applied leadership style and by giving recommendations for cooperative leadership is created.

The theoretical part of this thesis includes the characteristics of FBs, the leadership styles, especially the advantages and disadvantages of the cooperative leadership style and the exogenous and endogenous influencing factors. It eventually results in the creation of the model of cooperative leadership and the development of the concept for a tool for leaders in FBs.

The practical part is based on a qualitative and quantitative survey to verify the influencing factors, determine the leadership styles in Styrian FBs and to evaluate the created model and the concept of the tool on their potential support for leaders in FBs. Based on the findings, the model and the concept of the tool are refined.

The results of this thesis are a model of cooperative leadership that creates awareness of this leadership style and its influencing factors and a tool that supports leaders by raising awareness of their actual leadership style and by giving recommendations on how to come to a cooperative leadership style. This can be immediately applied to capture the leadership style with one click.

Abstract

Familienunternehmen (FU) faszinieren. Und nicht nur das: Mit einem Umsatz von rund 616 Mrd. Euro und mehr als 2,92 Mio. Beschäftigten sind FU nach enger Definition (ohne Ein-Personen-Unternehmen) für den Wirtschaftsstandort Österreich von großer Bedeutung. Faszinierend sind auch die Entwicklungen auf gesellschaftlicher und technologischer Ebene. Flexible Arbeitsbedingungen, Digitalisierung, demographischer Wandel u.v.m. verändern rasant die Rahmenbedingungen, die ein Umdenken vor allem in der Führung erfordern. In FU wirken zusätzlich auch interne Kräfte, die für die Führungspersonen große Herausforderungen darstellen können.

Die vorliegende Arbeit beschäftigt sich hauptsächlich mit der kooperativen Führung und exogenen und endogenen Einflussfaktoren, da sich gezeigt hat, dass dieser Führungsstil am besten die Herausforderungen eines sich wandelnden Marktes überwindet. Dennoch führen lediglich 24,3 % der Führungspersonen von steirischen FU rein kooperativ. Folglich wird in dieser Arbeit ein Modell für diesen Führungsstil und dessen Einflussfaktoren entwickelt mit dem Ziel, Bewusstsein für die Wichtigkeit der Einflussfaktoren auf die kooperative Führung zu schaffen. Zusätzlich wird ein Werkzeug erstellt, welches Führungskräften deren aktuellen Führungsstil aufzeigt und Handlungsempfehlungen für eine kooperative Führung gibt.

Der theoretische Teil umfasst die Besonderheiten von FU, die verschiedenen Führungsstile, insbesondere die kooperative Führung und die Einflussfaktoren. Schlussendlich wird die Entwicklung des Modells für kooperative Führung sowie die Erstellung des Konzeptes des Werkzeuges für Führungspersonen in FU behandelt.

Der Praxisteil basiert auf einer qualitativen und quantitativen Marktforschung, um die Einflussfaktoren zu verifizieren, die Führungsstile in steirischen FU zu bestimmen und um das erarbeitete Modell und Konzept des Werkzeuges zu evaluieren und in weiterer Folge zu überarbeiten.

Die Ergebnisse der vorliegenden Arbeit sind ein Modell für kooperative Führung, welches Bewusstsein für diesen Führungsstil und dessen Einflussfaktoren schafft sowie ein Werkzeug, welches Führungspersonen den aktuell angewandten Führungsstil aufzeigt und Handlungsempfehlungen zu einem kooperativen Führungsstil gibt. Dieses Werkzeug kann sofort eingesetzt werden, um mit einem Klick den Führungsstil sichtbar zu machen.

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List of Abbreviations

FB = Family Business

1. Introduction

At the beginning of this master thesis, the initial situation and the challenges are explained. Furthermore, the company and the thesis objectives as well as the research questions and hypotheses are outlined. The framework of reference gives an overview of the thesis and explains the connections between the chapters.

1.1 Initial Situation

As per the definition of the European Union, 90% of companies in Austria are Family Businesses (FBs). If sole proprietors are not considered, this number decreases to 30%. However, FBs are the core of the Austrian economy as they provide about 82% of all jobs, generate about 86% of revenues and create 88% of gross value added (cf. FU Forschung Austria/Duque 22.09.2017).

Herein, the leadership of an organization plays an important role in any company's or organisation's success (cf. Harvard Business Review 2014, p.1). Leadership of FBs clearly differentiates from leadership of non-FBs (cf. Klein 2004, p. 234), as in the majority of FBs, ownership and leadership are identical (cf. LeMar 2014, p. 6). Whereas in the first generation the style of authoritarian leadership is predominant, the generations following after should strive for a cooperative leadership (cf. LeMar 2014, p. 175). Hereby, it is of importance to differentiate between cooperative leadership as a leadership style (cf. Wunderer/Grunwald 1980, p. 3) and leading in cooperation, which implicates partners sharing the leadership (cf. Felden/Hack 2014, p. 147). However, a study shows that only 16% of FBs in Austria are led in the form of a cooperative leadership style (cf. KMU Forschung Austria 2013, p. 95).

The reason for this can be traced back to various factors influencing cooperative leadership, like the ongoing control of the founder of the business (cf. Von Schlippe 2014, p. 110) or the different roles family members assume within the family and the business (cf. Rüsen 2017, p. 24). Other influencing factors on leadership are personality, knowledge, acceptance, social competence or leading ability (cf. Platzer 2017, p. 62). Additionally, exogenous factors can have influence on cooperative leadership, as megatrends, like digitalization, ongoing changes of society's values or demographic change lead to a rethinking of leadership (cf. Klaus/Schneider 2016, p. 1; Welk 2015, p. 53). Especially in the second and all

future generations of leaders in FBs, the best response to these influencing factors is to turn to cooperative leadership.

1.2 Challenges

One challenge of this thesis is to cover all main factors, which influence cooperative leadership in FBs. Moreover, the clear differentiation between cooperative leadership and leading in cooperation may represent a challenge.

Another possible challenge is to create a model of cooperative leadership for FBs from the theory, which is suitable to visualize the challenges of this leadership style considering the influencing factors. Furthermore, it is difficult to develop a tool for leaders in FBs based on theory and the model that is suited to build awareness of the actual leadership style and to give recommendations for cooperative leadership.

1.3 Objectives

Company Objectives

The thesis pursues the following objectives of the University of Applied Sciences CAMPUS 02:

- The findings of this research thesis should contribute to the main research field "Family Businesses" of the University of Applied Sciences CAMPUS 02.
- The findings of this research thesis should contribute to the teaching of the University of Applied Sciences CAMPUS 02.
- This research thesis shall be suitable to be marketed and published within the University of Applied Sciences' public relations.

Thesis Objectives

The main objective of this thesis is to develop and approve a model of cooperative leadership in FBs, which visualizes the challenges of this leadership style considering the main influencing factors. Moreover, it is the aim to create a tool for FBs that supports leading persons by building awareness of the actual leadership style and by giving recommendations for cooperative leadership.

These objectives are achieved by accomplishing the following sub-objectives:

- Identification of the main endogenous and exogenous factors that influence cooperative leadership in FBs;
- Differentiation between leading in cooperation and cooperative leadership;
- Outlining the advantages and disadvantages cooperative leadership entails;
- Derive recommendations for leading persons for cooperative leadership in FBs.

1.4 Research questions

The following research questions are addressed through this thesis:

- Is it possible to picture the challenges of the main exogenous and endogenous factors on cooperative leadership? And to what degree can these influencing factors be comparatively visualized?
- Is it possible to support cooperative leadership with a suitable tool? And to what degree can the current leadership be differentiated from a future cooperative leadership by means of this tool?

In order to answer these research questions, the following sub-questions will be answered:

- What influences cooperative leadership in FBs?
- What are the advantages and disadvantages of cooperative leadership?
- What are the particularities of the different leadership styles?

1.5 Hypotheses

The following hypotheses are addressed within the thesis:

H1: The created cooperative leadership model is suited to visualize the challenges of this leadership style considering the influencing factors.

H2: The created tool is suited to support leaders by building awareness of the factors influencing cooperative leadership.

H3: Cooperative leadership is the best response to challenges of FBs.

H4: The subsystems family and ownership are protective shields and therefore, absorb the exogenous influencing factors.

H5: Patriarchal leadership is more often used than cooperative leadership in FBs.

1.6 Frame of Reference

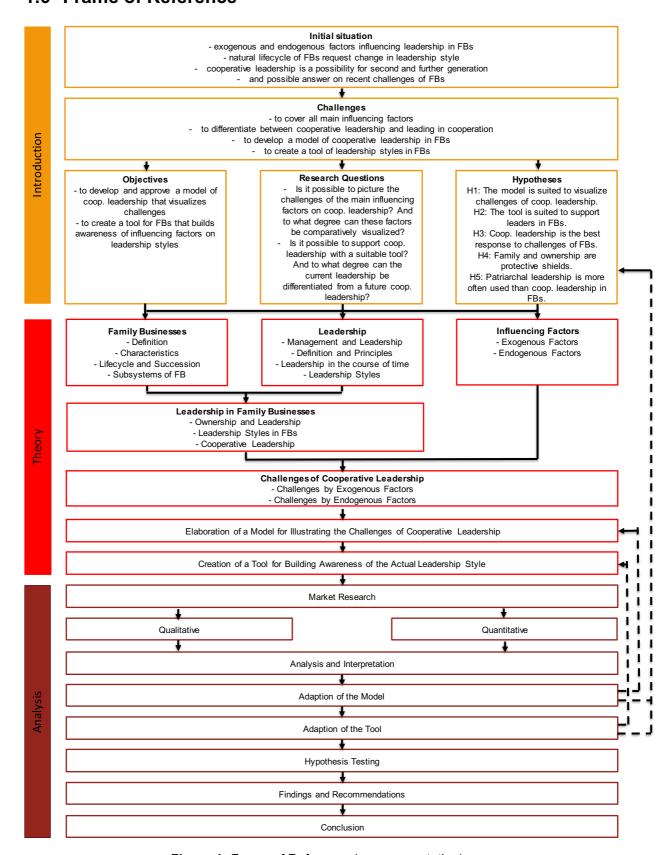


Figure 1: Frame of Reference (own presentation)

2. Family Businesses

Within this chapter, the definition and characteristics of FBs are covered. Additionally, the social systems family, ownership and business and their lifecycles are described. At the end, the succession process in FBs is outlined.

2.1 Definition

FBs demonstrate the oldest and most dominant form of all business organisations (cf. Abouzaid 2011, p. 11). For the European and the Austrian economy FBs are of high importance. According to the EU-Definition (= FBs in the broader sense), a number of 455,000 out of all companies are FBs, which constitute 90% of all organisations. Within the framework of this thesis, the definition of FB in the narrower sense will be used. Hereby, sole proprietors will not be considered. The reason for the use of the definition in the narrower sense is that this thesis deals with leadership styles and, in particular, with cooperative leadership in FBs. Therefore, sole proprietors are not relevant for this thesis. If sole proprietors are not considered, the number of FBs decreases to 150,000, which are 30% of all businesses in Austria. Furthermore, they provide about €259 billion of gross value added (cf. FU Forschung Austria/Duque 22.09.2017).

The following definition for FBs, given by the Austrian University of Applied Sciences Campus 02, will be used throughout this thesis as terminological foundation:

A company of any size is considered a FB if:

- the majority (<50%) of decision-making rights is in possession of the natural person(s) who founded the company or the natural person(s) who acquired the corporate capital of the business, or if these decision-making rights are in possession of their spouses, parents, children or the direct heirs of their children;
- 2. the majority (<50%) of the decision-making rights exist directly or indirectly;
- 3. at least one member of the family or the relatives is officially involved in the operational management (or control) of the business;
- 4. stock-listed companies correspond to the definition of a family business if the person, who founded the company or acquired the corporate capital, or their

families or descendants, who acquired shares of the corporate capital, hold 25% of the decision-making rights (cf. Duque M. 22.09.2017).

Furthermore, companies are classified as family businesses if (provisionally defined for IMSM):

- 5. there is at least one employee;
- 6. the company has the perceptible intention of continuation of the business (cf. Duque M. 22.09.2017).

2.2 Characteristics and Particularities of Family Businesses

FBs differ in terms of industry, size or the level of family involvement. However, due to the tight correlation of business and private structures, FBs show specific particularities in comparison to non-FBs (cf. Halder 2016, p. 34; Zellweger 2017, p. 36). An important characteristic of FBs is the interaction of four fields of interests: the personality of the entrepreneur, the family, the private property and the company. These elements of interest are overlapping and determine the dynamics within a FB (cf. Weissmann/Artmann 2007, p. 20).

Another characteristic of FBs is the strong interrelationship between the family and the business. Whereas, non-FBs are mainly influenced by a single owner or a few partners, the centre of each FB is the family, which formally or informally influences the business (cf. Mandl 2008, p. 54). Therefore, the decision-making power and ownership is held by one single person, the family or family network (cf. Weissmann/Artmann 2007, p. 22f.).

Knowledge continuity is another key characteristic of FBs. To pass on the accumulated knowledge, experience and skills to the following generation is a high priority for families in FBs. Additionally, as FBs are perceived as very reliable and have their name and reputation on their products and services, they attempt to maintain or even increase the quality of their output. Therefore, the concern for reputation transmits to the goal of maintaining the company's success. Furthermore, the FBs generally benefit from a good reputation (cf. Abouzaid 2011, p. 13; Zellweger 2017, p. 38).

Furthermore, the longevity is a typical characteristic of FBs. FBs rather focus on long-term sustainability and are managed without the strategic goal to sell the company later on. This long-term orientation allows FBs to follow strategies, which are expensive in short-term but extremely profitable over the long run (cf. Mandl 2008, p. 56; Zellweger 2017, p. 37). Therefore, FBs tend to outperform non-FBs concerning profits, sales and other growth measures (cf. Abouzaid 2011, p. 12).

In FBs, a special form of corporate culture can be found due to the family involvement and the associated social norms of harmony, benevolence and support. Connected to this involvement is a high commitment of family and non-family employees. This leads to higher employee loyalty, an atmosphere of trust and mutual support and consequently to a lower fluctuation and absenteeism (cf. Zellweger 2017, p. 37f.; Mandl 2008, p. 67).

2.3 Subsystems of Family Businesses

From a systemic point of view, FBs can be pictured as a three-circle-model, with the social systems business, family and ownership (cf. Felden/Hack 2014, p. 16). These systems are overlapping, interacting and interdependent. The overlap of these systems characterises the special nature of FBs and the different degree of overlap oppose them to heterogeneous entities (cf. Lindow 2013, p. 14f.).

The following figure displays the three overlapping systems:

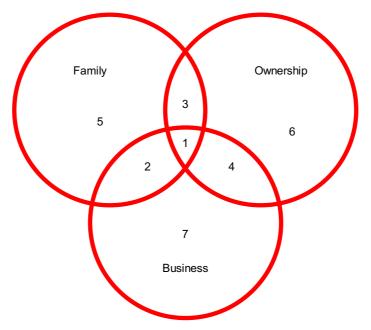


Figure 2: Three Subsystems of FBs (based on Rüsen 2017, p. 24)

These interrelated dimensions lead to complexity and consequently paradoxes within the overall system *family business*, as each subsystem possesses its own rules and communication habits (cf. Von Schlippe/Nischak/El Hachimi 2011, p. 22f.). Moreover, within these systems family members can assume different roles, which are displayed in numbers in figure 2, and consequently display different communication and behaviours patterns based on the role played. The person can also be exposed to different expectations of other family members, for example as brother and at the same time as equal CEO (cf. Rüsen 2017, p. 24). Accordingly, it is of high importance that family members of FBs balance the different interests resulting from the interconnection of all systems (cf. Von Schlippe et al. 2009, p. 20). The following table summarizes the different roles of members of FBs.

Role Profile		
1	Family member, who holds shares on the business and works within the	
-	business, e.g. patriarch and executive manager, successors	
2	Family member, who holds shares of the business but does not work	
2	within the business, e.g. spouse, predecessors and not employed heirs	
3	Family member, who works in the business but does not hold any shares,	
3	e.g. employed son/daughter-in-law and potential successors	
	Family member, who neither holds shares nor works within the business,	
4	e.g. spouse, successors (in childhood), predecessors and paid out family	
	members	
	Employee within the business, who is neither part of the family nor holds	
5	business shares e.g. commercial employees, external CEOs and interim-	
	managers	
6	Employee within the business, who holds business shares but is not part	
0	of the family, e.g. minority shareholders	
7	Shareholder, who is neither part of the family nor works in the business,	
/	e.g. silent partners and private-equity-companies	

Table 1: Different Roles within FBs (based on Rüsen 2017, p. 25)

Detailed information about the three subsystems family, ownership and business can be found in the appendix (cf. Appendix p. A-6).

2.4 Lifecycle of Family Businesses

Based on the three subsystems of family, ownership and business, Gersick et al. (1997) developed a model describing the particularities and challenges along the lifecycle of FBs (cf. Rüsen 2017, p. 8).

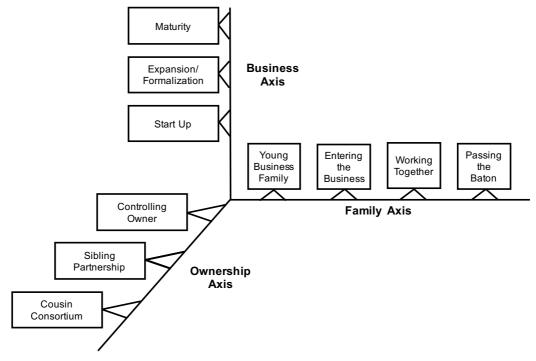


Figure 3: Lifecycle of FBs (based on Gersick et al. 1997, p. 17)

As displayed in figure 3, each subsystem has its own development trajectories, which proceed along different successive development phases. For each phase of every dimension exist different challenges, which have an impact on the overall system *family business*. Furthermore, developmental transitions recursively influence each subsystem of FBs (cf. Rüsen 2017, p. 8f.).

Each of the three subsystems of FBs has its own individual development trajectory. However, due to the tight connection of the subsystems, there is a reciprocal influence like the correspondence between the generation and the structure of ownership. Furthermore, the development does not have to take place in a synchronous way, which raises the potential of conflicts (cf. Großmann 2014, p. 39).

The lifecycle of each subsystem, namely business family, ownership and business can be found in the appendix (cf. Appendix p. A-9).

2.5 Succession in Family Businesses

Successions are the key processes within the lifecycle of FBs (cf. Von Schlippe/Nischak/El Hachimi 2011, p. 125). Succession in FBs can be considered from two perspectives: (a) on the level of a shareholder or (b) on the level of the management (cf. Simon/Wimmer/Groth 2012, p. 131). In the course of this thesis, the succession is viewed from both perspectives, as these have to work together to create operable leadership.

In general, three types of succession can be distinguished: (a) intrafamilial, (b) inside-company and (c) external succession. In FBs, the intrafamilial succession is the most common (cf. Urnik/Steiner 2011, p. 26 - 28) as well as the most emotional form (cf. Von Schlippe/Nisak/El Hachimi 2011, p. 125).

An intrafamilial succession implicates that the successor/s are blood related or related by marriage to the owner of the company (cf. Spelsberg 2010, p. 15). The age of the owner is one of the reasons for a necessary succession within a FB. However, unexpected events like conflicts within the family, divorces, accidents or severe illnesses can also trigger the process of succession (cf. LeMar 2014, p. 83). Succession within the family has many rational reasons, for example the transfer of entrepreneurial knowledge and relationships, lower remunerations, preservation of reputation or the high-performance motivation of owner and successor (cf. Spelsberg 2010, p. 15f.). Nevertheless, the tension between family members is highly complex due to the intermixture of rational and emotional motives. Therefore, the potential for conflicts between successors, owners and other family members can be high (cf. Weber 2009, p. 46). These conflicts may apply at every period of succession, regardless of the generation. In general, the most emotionally challenging succession takes place from the first to the second generation, as the company is seen as lifework and the successor needs to be a reflection of their own personality (cf. Wimmer/Gebauer 2004, p. 246; Felden/Hack 2014, p. 175).

In FBs in the hands of the third or further generation, the successor and founder relationship is weaker. As a result, the conflicts are de-personalised, and the selection of the successor refers to the relationship to the institution rather than to the relationship to the parents (cf. Felden/Hack 2014, p. 175).

3. Leadership

This chapter covers in parts the definition of leadership and also refers to organisational leadership. The term organisational leadership refers to two different perspectives of leadership within the organisational context: (a) the perspective of the leading person and (b) the perspective of the led people (cf. Ösbek-Potthoff 2014, p. 3). Moreover, the distinction between leadership and management, the principles of leadership, especially communication and the different leadership styles, namely authoritarian, cooperative and Laissez-Faire leadership, are clarified.

3.1 Definition of Leadership

Since the beginnings of civilisation, humanity has been concerned with the term leadership (cf. Bass 2008, p. 225). As a result, it is not surprising that on Amazon about 60,000 different books can be found on the term *leader* and over 80,000 on *leadership*. Additionally, a search on Google leads to millions of results with reference to leadership, leaders and how to become a good leader (cf. Allio 2012, p. 4). Furthermore, leadership got the attention of various researchers all around the world. Therefore, there is a wide range of different theoretical approaches to explain and define leadership (cf. Northouse 2013, p. 1).

The following table shows the evolution of leadership definition through the last century.

Evolution of Leadership Definition		
1900-1929	Definitions of leadership underline control and centralization of power with a common theme of domination.	
1930s	The focus of defining leadership lied in traits, with an originating view on mutual influence of the leader and the group.	
1940s	Leadership was defined as the behaviour of a person while directing group activities.	
1950s	The following three terms defined leadership during this decade: continuance of group theory, relationship which develops shared goals and ability to influence group effectiveness.	
1960s	The focus of leadership definition was on the behaviour which directs persons towards a common goal.	
1970s	The organizational behaviour approach was at the centre of defining leadership in this decade.	
1980s	Numbers of definition for leadership included the following themes: do as the leader wishes, influence, leader traits and leadership as transformational process.	
21 st century	In the 21 st century, researchers agree that it is hardly possible to find one common definition of leadership. Due to many factors, like global influence, generational differences, leadership has different meanings for various people.	

Table 2: Evolution of Leadership Definition (based on Northouse 2013, p. 2 - 4)

Even though there is a variety of possibilities to define leadership, there are certain components, which most contemporary assertions have in common (cf. Blessin/Wick 2014, p. 28): "(a) Leadership is a process, (b) leadership involves influence, (c) leadership occurs in groups, and (d) leadership involves common goals" (Northouse 2013, p. 5). Additionally, these common goals are shared in any form by leaders and followers (cf. Blessin/Wick 2014, p. 28).

3.2 Distinction between Leadership and Management

The difference between management and leadership is an ongoing controversy since the year 1977 when Abraham Zaleznik made the first stand on this issue in the Harvard Business Review (cf. Lunenburg 2011, p. 1). The two activities are not equivalent, as there are managers who do not exercise leadership and there are leaders that are not managers. However, the two entities tend to overlap, although the degree of this overlap is a point of disagreement (cf. Yukl 2010, p. 24).

Zaleznik stated that leaders and managers are different types of people (cf. Northouse 2013, p. 13) and both are qualitatively different and mutually exclusive (cf. Yukl 2013, p. 24). Zaleznik also expresses that leaders and managers both contribute to an organisation, but in different ways. Whereas managers promote stability, carry out responsibilities and exercise authority, leaders advocate changes, are interested in understanding the beliefs of employees and aim to facilitate their commitment (cf. Lunenburg 2011, p. 1).

In recent years, John Kotter stated that these functions are two distinct yet complementary systems (cf. Lunenburg 2011, p. 1). Their activities and scope are different, but both leadership and management are essential for the prosperity of an organization (cf. Northouse 2013, p. 13). The following table shows the distinction between management and leadership by Kotter.

Management	Leadership
Coping with complexity	Coping with change
Planning and budgeting - setting short term goals - allocating resources	Setting a direction - developing a vision - developing strategies
Organising and staffing	Aligning people
Controlling and problem solving - monitoring and controlling results - planning to solve problems	Motivating and inspiring - keep people on track - appealing to needs, values and emotions

Table 3: Difference between Management and Leadership (based on Kotter 2001, p. 4f.)

Today, most scientists see the two terms as a unity (cf. Yukl 2013, p. 26), however, the duality still share continuous popularity in several business magazines (cf. Watkins 2012; Hinsen 2012). This thesis considers the two terms leadership and management as a unity.

3.3 Principles of Leadership

This chapter gives an overview of principles of leadership, including the leading persons, the followers, the leadership-relation, the systemic view of leadership and the importance of communication within the process of leadership.

Humans, and therefore also *leading persons*, are all different in their characteristics and traits. Many scientific theories agree on this (cf. Yukl 2013, p. 43 - 52), but also many pragmatic approaches assume that special traits are necessary to lead people (cf. Kaehler 2014, p. 26). Nevertheless, only focusing on the competencies and traits of leading persons lead to a dead-end, as humans are as different as they can be. Therefore, it is of high importance to also concentrate on how leaders should act (cf. Malik 2007, p. 261f.).

Leadership does not exist without people who follow (cf. Kaehler 2014, p. 30). Successful leading includes the contribution of *followers* by maintaining cooperative working relationships, assisting with leadership functions, promoting leadership development or providing constructive feedback (cf. Yukl 2013, p. 252f.). Further characteristics of followers that collaborate to effective leadership are values, confidence, optimism, expertise, commitment attributions and trust in the leader (cf. Kaehler 2014, p. 31).

With reference to the *leadership-relation*, influence and hence power (cf. Yukl 2013, p. 198f.), mutual trust (cf. Malik 2007, p. 86), the exchange of work performance for money (cf. Kaehler 2014, p. 30) and the well-being of employees influenced by leadership (cf. Skakon et al. 2010, p. 131f.) must be mentioned.

From a *systemic point of view*, leadership is a construct, which is socially integrated and assembled by the encounter with others. This entails that leadership is dependent on the confirmation of others and does not develop on its own – it is based for example on claim, natural authority, positioning authority or training. Therefore, leadership always needs to be recognized by others, otherwise it does not exist (cf. Sprenger 2012, p. 31 - 34).

Communication is the most important and at the same time most time-consuming task of leadership within organizations. Studies show that leading persons spend

about 60% of their time with oral communication. Communication fulfils a variety of functions like, exchanging information, motivating employees, expressing opinions and emotions, passing on visions and values, creating and upholding trust (cf. Hungenberg/Wulf 2011, p. 320 - 325; Darics 2017, p. 3).

Further explanations about the principles of leadership including the model of interrelations by Duque and Wünschl (07.12.2017) can be found in the appendix (cf. Appendix p. A-12).

3.4 Leadership Styles

Leadership can be described with many different approaches like trait, skills, behavioural, situational, transformational or styles approaches (cf. Yukl 2013, p. 15). In general, these leadership theories aim at describing the circumstances under which leadership is established and draw conclusions about how leading persons may affect followers in exercising certain tasks (cf. Neuberger 2002, p. 491f.).

This thesis sets the focus on the approach leadership style. For further research on leadership theories and approaches, reference is made to Yukl (2013), Northouse (2013), Blessin/Wick (2014) and Bass (2008).

The approach leadership style initiated in the 30s of the 20th century, based on the recognition that leadership success does not mainly depend on the personality of the leader, but on the behaviour towards subordinates (cf. Hungenberg/Wulf 2011, p. 364). Therefore, this approach focuses on the behaviour of leading persons and concentrates on what leaders do and how they act, including their actions towards followers. Moreover, in the context of leadership style, leadership is a compound of two general kinds of behaviour: relationship and task behaviour. Whereas task behaviours focus on the goal accomplishment, relationship behaviour helps followers to feel comfortable within the business (cf. Northouse 2013, p. 75). The research on leadership styles goes back to Lewin (1939), when he classified the styles as authoritarian, cooperative and Laissez-Faire (cf. Kaehler 2014, p. 24). Between the 30s and 70s of the 20th century, many different leadership style approaches were developed, which can be classified into one-dimensional and two-dimensional concepts. For further research on these concepts, reference is made to Hungenberg/Wulf (2011) and Hollmann (2013).

The focus of this thesis is on the most common leadership styles, representing authoritarian, cooperative and Laissez-Faire. Additionally, information about Holacracy can be found in the appendix, as this leadership style constitutes the opposite form of cooperative. Moreover, in the appendix also the differences of these leadership styles in terms of communication are mentioned (cf. Appendix p. A-17).

3.4.1 Authoritarian Leadership Style

Authoritarian leadership is characterized by the concentration of the decision-making authority on one person within the business. Therefore, the leading persons make any decision without involvement of the followers (cf. Zepf 1972, p. 26). According to Howard and Wellins (1994), there are five types of authoritarian leader behaviour:

- 1. the controller, who drives for a specified way of working,
- 2. the commander, who orders the tasks and expects obedience,
- 3. the ruler, who sees making decisions as a privilege of management,
- 4. the judge, who assesses the performance of the followers and distribute rewards and punishments and
- 5. the guard, who protects the resources (cf. Bass 2008, p. 441).

Moreover, the authoritarian leader can be classified by defining strict goals and instructions for the followers (cf. Peters 2015, p. 52), which are communicated with clear commands and without any further explanation (cf. Zepf 1972, p. 26; Macharzina/Wolf 2015, p. 587). Furthermore, the leaders stress obedience, loyalty and strict adherence to roles, which may result in respect, appreciation and fondness from the followers (cf. Bass 2008, p. 440). However, the subordinates are also limited in their scope of action and do not hold flexibility over their working methods. This also affects the integral view on the business of the subordinates, as they do not have to fulfil interrelated working processes. Consequently, the employees are less motivated (cf. Peters 2015, p. 52). Additionally, within the authoritarian leadership style the followers are rather seen as factors of production than as humans. This leads to social distance and to missing personal appreciation (cf. Hungenberg/Wulf 2011, p. 365f.).

However, authoritarian leadership is also seen as an effective approach during difficult times, as conflicts could be resolved more quickly with strict instructions and a clear direction reduces fear and insecurity in employees (cf. Peters 2015, p. 52). Furthermore, authoritarian leadership might support productivity and work performance, as a greater distance between followers and leading persons leads to fewer communicative problems (cf. Bass 2008, p. 446).

In cases of higher regard towards the subordinates, the leading style is classified as patriarchal leadership, which can mainly be found in FBs (cf. Hungenberg/Wulf 2011, p. 365). This leadership style is covered in chapter 4.3.1.

3.4.2 Cooperative Leadership Style

Cooperative leadership, also called participative or democratic leadership, is classified as the opposite of authoritarian leadership. Cooperation is a fundamental philosophy of humans and includes sharing visions, coordinating tasks or creating a common future. Therefore, the leading person motivates the subordinates to participate in discussions and decision-making processes. The leaders do not issue instructions but give advice to the followers and provide effort to support the followers and their individual goals (cf. Macharzina/Wolf 2015, p. 587; Sprenger 2012, p. 52).

The cooperative leadership style intends to inspire agreement between the leading person and the subordinates regarding decision-making. In general, this occurs through meetings, which are an important leadership instrument within cooperative leadership (cf. Peters 2015, p. 51). As studies show, cooperative leadership is promoted by working in proximity, as therefore, the employees push each other to better performances (cf. Sprenger 2012, p. 83). Furthermore, cooperative leadership is considerate, consensual, sets the employee at the centre and is concerned with the preservation of good working relations. Generally, cooperative leaders demonstrate the following principles according to Gill (1996): (a) personal responsibility, (b) encouraging subordinates to become leaders, (c) enclosure, (d) equalization, and (e) full consultation. A cooperative leader depends on the skills of the subordinates but believes that they are motivated and search for the opportunity to prove their value (cf. Bass 2008, p. 441).

It can be said that cooperative leadership places the same requirements on leaders and subordinates, as it is the own responsibility of employees to actively design the relationship with their leaders. Therefore, a mutual dependency between leading persons and employees exists. However, even when individuals share a vision, they stay individuals and only divide the common vision. Every individual contributes to the shared vision, but only if the others in the team do the same. It is also important to mention that cooperation is not the addition of individual performances, but the result of simultaneous engagement of all individuals (cf. Meyer 2007, p. 83; Sprenger 2012, p. 52 - 54).

3.4.2.1 Advantages of Cooperative Leadership Style

As studies show, meeting the individual needs of the subordinates, integrating them into the decision-making process and delegating responsibility is especially nowadays of high importance, as the complexity of tasks require the involvement of employees from different sectors with different competences and experiences (cf. Hollmann 2013, p. 153). The involvement of subordinates in the decision-making process also improves the quality of decisions, as individual persons with different qualifications and strengths work together. However, hereby it is crucial for the participants to trust the leading person and see the decision-making process as beneficial and legitimate, otherwise cooperation is unlikely (cf. Yukl 2013, p. 135; Sprenger 2012, p. 54). Moreover, time constraints, the number of attendees, formal policies, the level of education of the subordinates, skills of the leading persons to perform meetings with the employees are influencing factors that might affect cooperative leadership (cf. Yukl 2013, p. 136; Bass 2008, p. 447).

Another benefit of cooperative decision-making is the higher acceptance of the decision, as subordinates can identify themselves with it and even perceive it as their own decision. Consequently, the subordinates feel treated with dignity and respect, the motivation to introduce the decision increases successfully and fear and anxieties about changes that decisions might entail are reduced (cf. Yukl 2013, p. 136). Furthermore, cooperative leadership and the employee's perceived influence and control positively influence the well-being of subordinates and the observed fairness (cf. Hollmann 2013, p. 153f.). The given empowerment gives subordinates the perception to be able to determine their own work roles, to fulfil important tasks and to influence crucial events (cf. Yukl 2013, p. 133). Another

positive outcome of cooperative leadership is a pleasant working atmosphere, higher productivity, reduced employee fluctuation and reduced absences as well as whether the leading person is present or not (cf. Hernandez Bark/Van Quaquebeke/Van Dick 2017, p. 95; Bass 2008, p. 447). Furthermore, it can be stated that cooperative leadership leads to higher satisfaction, motivation, morale, loyalty, commitment and willingness to comply with the leader's initiatives (cf. Bass 2008, p. 448).

3.4.2.2 Challenges of Cooperative Leadership Style

Cooperative leadership can be negatively influenced by psychological and demographic factors of individuals, as attitudes, values, expectation and personal characteristics of leading persons and followers can constitute barriers in cooperative leadership. A risky attitude, low social competence, low commitment to the company or general mistrust can negatively influence the willingness to cooperate. Another aspect that negatively influences cooperative leadership are a higher age and a low level of education. Furthermore, social pressure and diffusion of responsibility are disadvantages in cooperative leadership. Within the organization, departmental thinking, silo structures or individualization of service attribution constitute more challenges of cooperative leadership. Additionally, a high number of participants may negatively influence cooperation, as the influence of more self-confident people and the competition among the employees due to social comparison increases. Furthermore, this leadership style requires mutual consideration and more time in the decision-making process than non-cooperative leadership styles (cf. Wunderer/Grunwald 1980, p. 115 - 277; Sprenger 2012, p. 55). Additionally, it can be mentioned that the transformation from an individual worker to a teamworker is a learning process that can only be performed in an appropriate surrounding. Therefore, the most important task for leading persons is to create an environment that invites cooperation. Furthermore, cooperation is the result of a problem that cannot be solved individually and therefore the individual participants need each other mutually. However, if no essential problem exists, cooperation cannot be achieved, as no mutual dependency exists. Hereby, it is a challenge for leading persons to present individual problems as common problems, as most of the time problems or goals are broken down to sub-goals for different departments of a company. As everybody is only interested in their own goals and loses track of the common goal, egoism might come up (cf. Sprenger 2012, p. 56 - 72).

Another big challenge of cooperative leadership is the perceived negative difference between individuals, as everyone looks and acts differently and has an individual history and background. If someone is very anxious, these differences may appear as a threat and the result is that power towards the other people develops (cf. Sprenger 2012, p. 93f.).

3.4.3 Laissez-Faire

Laissez-Faire is classified by a high freedom of action for the subordinates due to a minimum of interpersonal influence behaviour by the leading person. The information flow is also reduced to a minimum, as information is only shared when desired (cf. Macharzina/Wolf 2015, p. 587). In order to exercise Laissez-Faire leadership, reliance on the subordinates is of high importance as the leading person consciously dispenses with regulations, limitations or instructions (cf. Peters 2015, p. 134). Laissez-Faire leaders have a hands-off approach towards the work of the subordinates, ignore their needs and do not monitor their performance. Furthermore, leading persons fail to make decision, refuse to take actions and are not available when they are needed (cf. Marturano/Gosling 2008, p. 168), which leads to low productivity in the subordinates (cf. Hernandez Bark/Van Quaquebeke/Van Dick 2017, p. 95). Furthermore, Laissez-Faire leading persons can be classified by their missing confidence in their ability to supervise and by their avoidance of taking a stand on various issues. However, the passivity of the leading person can also result in higher motivation of the subordinates towards self-set goals of achievement, independence and power (cf. Bass 2008, p. 143). Nevertheless, it is questionable if Laissez-Faire can even be designated as a form of leadership (cf. Macharzina/Wolf 2015, p. 587), as the leader does not take in a leading role but leaves the employees alone when solving problems (cf. Hernandez Bark/Van Quaquebeke/Van Dick 2017, p. 95).

4. Leadership within Family Businesses

This chapter deals with leadership within FBs and explains the differences to non-FBs. Additionally, the terms *ownership* and *leadership* are clarified and the patriarchal and cooperative leadership styles in FBs are further outlined.

4.1 Differences of Leadership within FBs and Non-FBs

Leading within any company is challenging. However, leading within a FB is even more difficult than within non-FBs, as family member leaders represent the interests of the three different subsystems of FBs: the business, the family and the ownership. The three subsystems are interrelated and interdependent and each system requires its own leadership (cf. Aronoff/Baskin 2011, p. 1). The following figure represents the three subsystems of FBs, whereby the red circle outlines the place in which leadership takes place in FBs.

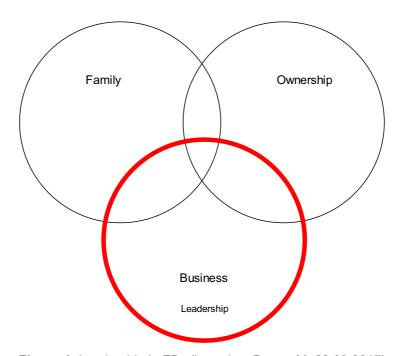


Figure 4: Leadership in FBs (based on Duque M. 22.09.2017)

In most FBs, the leader represents the owner and the leader - the motivation and interest to diligently and conscientiously deal with the invested capital is much higher, as it represents their own capital. The personal life situation is another difference between FBs and non-FBs, as leaders within non-FBs can mainly separate private and professional life (cf. Meyer 2007, p. 30f.). Another characteristic of leadership within FBs is the increasing challenges for succeeding

generations, as the family and the business become larger and more complex and the number of related owners may grow as well (cf. Aronoff/Baskin 2011, p. 2).

Furthermore, emotions are an important factor in FBs, as family members tend to have strong positive and negative emotions about the business. Additionally, leaders of FBs always have two goals in mind: (a) increasing shareholder value and (b) securing wealth and status for the family (cf. Aronoff/Baskin 2011, p. 13f.). In contrast to non-FBs, it is much harder for employees of FBs to achieve a top management position if they are not members of the family - this could lead to less motivation among employees (cf. Mittelsten Scheid 1997, p. 52).

Moreover, leadership within FBs is especially characterized by continuity and stability, as leaders of FBs put in more hours at the office than leaders of non-FBs (cf. Roland Berger Strategy Consultants 2014, p. 4f.). This may lead to more commitment, motivation, personal emotional engagement and long-term thinking (cf. Meyer 2007, p. 31). Furthermore, leadership within FBs may include family and non-family employees. Therefore, family (e.g. guaranteed income and security for family members) and economic (e.g. remuneration) factors must be achieved. This dual relationship creates complex structures in terms of labour relationships and causes a unique positive or negative context within FBs (cf. Mazagatos 2017, p. 2).

4.2 Ownership and Leadership

The authority of leadership directly derives from the right of ownership. This means that the owner has the choice to personally perceive this leading power as an owner-entrepreneur, who unites ownership, control and leadership of the business in one person, or to fully or partly delegate this leading power (cf. Klein 2004, p. 129). This thesis takes on the viewpoint that the family-internal owner personally perceives the leading power. For better readability, the term owner-entrepreneurship is replaced by leadership.

The leadership structure of FBs can be divided into the following categories:

- Sole-leadership of the entrepreneur
 - Founder-Leadership
 - Sole-Leadership in succeeding generations

- Leadership in cooperation of several family members
 - o Copreneurs
 - Sibling Partnership
 - o Cousin Federation
- Leadership in cooperation of several families
 - Founding partners
 - Clan Systems
- Leadership with participation of third parties (cf. Klein 2004, p. 160 194)

Further information about the leadership structures of sole-leadership and managing partners are given in the appendix (cf. Appendix p. A-19).

4.3 Family Businesses and their Leadership Styles

Within sole-leadership as well as within leading in cooperation patriarchal and cooperative leadership styles can be exercised. However, it is shown that the first generation more frequently practices patriarchal leadership and the second or future generations mainly cooperative leadership (cf. Von Schlippe 2014, p. 98). According to the KMU Forschung Austria (2013), directive-cooperative leadership is another leadership style within FBs. However, due to lack of definition and discussion of this leadership style in literature, this aspect is not considered within this thesis.

4.3.1 Patriarchal Leadership Style

Patriarchal leadership can be defined as the patriarch being at the top of the management. His personality forms the centre of this leadership. The decision-making principle is shouldered by one person (or by a group of closely related persons), who takes the ultimate responsibility and does not delegate any tasks to the employees (cf. Von Schlippe 2014, p. 99; KMU Forschung Austria 2013, p. 94). This may lead to flexible and fast decision-making processes, as the communication paths are short, and the responsibility of decision-making is not frequently discussed (cf. Von Schlippe 2014, p. 103f.).

However, as patriarchal leaders also act as patriarchs within the company, the tone of communication used in the family setting is transferred from the family to the business. Within this, leaders limit the learning capability of their employees with

their omnipotence and accompanying control and caring behaviour. On the one hand, the leaders spoil their subordinates, as they think and decide for them. On the other hand, the leaders regulate and control their behaviour and attitude, weaken their independent thinking and acting and negatively affect their creativity (cf. Meyer 2007, p. 38; LeMar 2014, p. 174). Consequently, the competences, potentials and abilities of leaders and followers change for the worse and the further development of the business is vulnerable. Furthermore, in his role of the overprotective father, the leader gathers and balances the diverse tensions and interests of the different subsystems of FBs. This may lead to an indifferent attitude towards the FB as well as the leader (cf. Meyer 2007, p. 38f.; Von Schlippe 2014, p. 101).

Patriarchal leadership can also lead to a personalized loyalty, as employees establish personal engagement rather for the leader than for the goals of the company. This strong emphasis on social-emotional relationships in turn result in personal dependence with no space for independence, critic or improvements of employees (cf. Meyer 2007, p. 39).

From a systemic point of view, a patriarch does not emerge out of nothing, but is created by a complex process of attribution and acceptance of attribution. This means that not the leader forms the company, but the company with its specific structures of expectations shapes the personality of the leader. As businesses mainly exist out of decision-making processes that are connected to responsibility the development of patriarchal structure is reasonable. Economic, legal and personal attributions of responsibility bear risk and therefore, the request to have one person who takes the final instance arises. By occupying this role, expertise about customers, internal processes and employees increases over time. As a result, the leader is the only one who has this knowledge in order to exercise this role (cf. Von Schlippe 2014, p. 100).

Moreover, patriarchal leadership is characterized by premises of decisions, which define the scope of further decisions: a once made decision limits the following decision and simplifies it, because it is known what must be done as it has always been done like that. Furthermore, this premise of decision-making also becomes evident after the retirement of the patriarch, as employees and family members still think about what the previous leader would have done in a particular situation. On

the one hand, this can reduce uncertainty, as it is clear how to behave and act in typical situations. On the other hand, it complicates the achievement of being a leading authority for the successor (cf. Von Schlippe 2014, p. 102; Aronoff/Baskin 2011, p. 24).

Nevertheless, the patriarchal leadership style stands or falls with the authority of one person. If the patriarch loses their authority, this can have severe consequences for the FB. Within a fast-growing business, a person-centred leadership style may not succeed, as the structures of leadership cannot grow in the same speed and it may be difficult to encourage family members to continue the business (cf. Von Schlippe 2014, p. 106; Aronoff/Baskin 2011, p. 25).

4.3.2 Cooperative Leadership Style

Especially, in the second or further generation cooperative leadership is essential to succeed over several generations, as the leader relies on the experience and knowledge of long-term employees. Hereby, it is necessary that all members of the FB possess the capabilities of independently thinking and acting in an entrepreneurial sense and to solve problems by its own or in the team (cf. Meyer 2007, p. 40). Furthermore, cooperative leadership within FBs overcomes the two-class system between business family and employees, as all are on the same level equally and equally support the FB. Especially in FBs, flat management structures can be established more easily due to the very personal relationship between the leader and their followers (cf. LeMar 2014, p. 175; Mittelsten Scheid 1997, p. 53f.).

Cooperative leadership also supports the business to meet the needs of the changing market, as important decisions cannot be made exclusively by the leader. For the success of the FB it is essential to include the creativity and innovativeness of the subordinates. The role of the leader is to be a coach and motivator, who encourages the followers to show personal initiative, self-development and innovative ideas (cf. Meyer 2007, p. 50; Mittelsten Scheid 1997, p. 53).

In contrast to patriarchal leadership, within this style the subordinates directly experience success or failure within cooperative leadership, as decision-making processes and responsibilities are delegated to the followers (cf. Mittelsten Scheid 1997, p. 54). Furthermore, it is shown that cooperative leadership increases family

satisfaction and independence, mutual respect as well as the development of children and the business (cf. Sorenson 2013, p. 42). Furthermore, in FBs with cooperative leadership the values honesty, trust, respect, loyalty, appreciation as well as openness and equality are of high importance (cf. KMU Forschung Austria 2013, p. 97).

Cooperative leadership has advantages for both the business and family success. Business or financial success is positively influenced as cooperative leadership promotes change, generates commitment from family and employees. Family success is also increased by high commitment based on cooperative leadership. Furthermore, cooperation allows leaders to include essential family matters and concerns into FB decisions. Therefore, the business may be able to simultaneously reach family and business targets. Another important aspect in the context of cooperative leadership within FBs are family values, which constitute guidelines that allow flexible choices. These family values and the culture of FBs, not formal standards and rules, lead to a relatively open and adaptive behaviour (cf. Sorenson 2000, p. 194).

However, the transition from patriarchal to cooperative leadership within FB can present a tedious adaption process, as conflicts may arise due to resistance and fear to lose privileges. At the beginning there is no existing culture of dispute, which means that the logic of the family is used to enforce interests. This may be dangerous, as emotionality, guilt conscience and sense of family are the centre of attention. FBs with a strong culture of dispute share, on the other hand, a common picture of the business, which leads to a feeling of togetherness. Consequently, the willingness to release from the orientation on strong personalities is enhanced and family power games are prevented (cf. Von Schlippe 2014, p. 88 - 108).

5. Influencing Factors on Cooperative Leadership

As already determined in the previous chapters, FBs can encounter certain disturbing factors. According to Rüsen, those factors can be differentiated into exogenous and endogenous factors. Whereas exogenous factors cannot be interfered by any of the subsystems, endogenous factors are elements within the three social systems - ownership, family and business. These exogenous and endogenous factors can lead to internal changes, which might result in a stressful situation within FBs (cf. Rüsen 2017, p. 49; Fleege-Althoff 1930, p. 84).

5.1 Exogenous Influencing Factors

Exogenous factors can be classified into global and competitive environments. This thesis only deals with the global environment, which consists of sociocultural, technological, political and economic environments (cf. Meffert/Burmann/Kirchgeorg 2015, p. 45). A change within these environments is called a megatrend. Megatrends are defined as long-term and overarching transformation processes. In contrast to trends like consumer trends or fashion trends, megatrends last for about 30 to 50 years, have a comprehensive influence worldwide, lead to profound transformation in all areas of life and can be projected with high probability for over 15 years. However, a megatrend can also be seen as a risk, as it leads to fast and disruptive changes, if the company is not prepared to face these trends. On the other hand, a megatrend could lead to new fields of growth or might also inspire innovation processes (cf. Z-Punkt 2017, p. 2; Eberhardt/Majkovic 2016, p. 1f.).

Different authors name various numbers of megatrends (Z-Punkt 2017; Zukunftsinstitut 2016; Horx 2011). However, within this thesis, the following 19 megatrends are used:

- Climate Change
- Connectivity
- Decentralization of Production
- Demography
- Digitalization
- Energy/Resources
- Gender-Shift
- Globalization
- Health
- Human & Engine

- Knowledge Culture
- Mobility
- Neo-Ecology
- New Consumption Patterns
- Politics/Economy
- Safety
- Sustainability
- Urbanization
- Work/Company (cf. Duque M. 07.11.2017)

In the following chapters, the megatrends *demography* and *digitalization* are highlighted, as these are selected as the main influencing factors on cooperative leadership in FBs. This selection was made based on extensive literature research (cf. Vielmetter/Sell 2014; Eberhardt/Majkovic 2016; Marques/Dhiman 2017; Sowcik et al. 2015) and based on a ranking, which is built upon their relevance and influence on cooperative leadership, carried out by the supervisor and the author of this thesis. The ranking can be found in the appendix (cf. Appendix p. A-22). However, as it is merely an assumption, it needs to be falsified or verified by experts over the course of the qualitative market research.

Within the megatrend demography, the focus is set on Generation Z and demographical change and within the field of digitalization, the digital communication is at the centre of attention.

5.1.1 Generation Z

The Generation Z is defined by being born from 1995 onwards and constitutes the successors of Generation Y, the so-called Millennials. Different names for the Generation Z are iGeneration, Digital Natives, Gen Tech, Gen Wee or Generation Internet (cf. Klaffke 2014, p. 69; Tewari/Bhattacharyya 2017, p. 12). Over the course of this thesis, the term Generation Z is used.

Over the last few years, studies in the demographical field have mainly focused on Generation Y. However, the focus needs to be set on the Generation Z, as they

represent the future employees (cf. Patel 2017). As the Generation Z were raised by parents with double income and are technology savvy, they can be defined as risk takers and open learners. They are eager to develop themselves, continuously look for new opportunities to achieve growth, are motivated, goal-oriented and active decision-makers (cf. Tewari/Bhattacharyya 2017, p. 14).

Furthermore, Generation Z is characterised by their competitiveness and independence. They rather like to work alone than in teams and want to be measured by their own performances. As a result, they are also more willing to start their own business (cf. Patel 2017). However, this also leads to the fact that loyalty to their employers rarely exists. It can also be stated that the Generation Z prefers flat hierarchies, as recognition and the feeling of contributing towards the success is of high importance for them (cf. Tewari/Bhattacharyya 2017, p. 15).

5.1.2 Demographic Change

Demographic change is defined as adjustment of the age composition in a society due to natural disasters, wars, changes in birth rates or ongoing improvements in the healthcare sector, which can lead to an increase or a decrease in population. Furthermore, demography can change due to a different composition of the population, as the number of migrants grows (cf. Pack et al. 2000, p. 8; Bruckner 2012, p. 5). In Austria, the current demographic development is characterized by a rising proportion of older people and a declining proportion of the younger generation. This is mainly influenced by the growing life expectancy, which is generally increasing by two years per decade and at present constitutes 77.7 years for men and 83.1 years for women. Another influence is the low fertility rate, which currently is at about 1.4 children per woman. Furthermore, there is a positive migration balance. Without immigration, the Austrian population would stagnate and decrease over the long run (cf. WKO 2017).

Due to this demographic change, young and old generations will not replace each other without overlap, which leads to an intergenerational workforce. Consequently, a rethinking of leadership in organization is necessary, as an increasing number of elder workers and a decreasing number of young people can create challenges as well as opportunities. In addition to age-related differences in cognitive and physical skills, diverse job-related attitudes, work experiences and needs need to be taken

into consideration. Furthermore, to gain qualified employees for all relevant key positions is a challenge for organizations. However, the current demographic change also presents new opportunities for employees and leader due to a greater diversity of capabilities and multiple perspectives (cf. Hertel et al. 2013, p. 730; Klaffke 2014, p. 5f.).

5.1.3 Digital Communication

Digitalization demands a reorientation in many areas within organizations, as new technological developments facilitate faster, asynchronous and direct contact (cf. Kreutzer 2017, p. 33; Eberhardt/Majkovic 2016, p. 47). Consequently, communication hierarchies are dismantled and speed, access as well as transparency of communication are increased. It is possible to communicate above internal and external boundaries, time and geographical areas and to quickly obtain missing information (cf. Creusen/Gall/Hackl 2017, p. 68).

Furthermore, digital communication leads to a decline in social interpersonal interactions, which results in a decrease in social intelligence (cf. Clerkin 2015, p. 181). Another aspect is the simultaneous course of communication along many different channels, like WhatsApp, Facebook, Email or SMS, which might lead to an overload of the workforce. Communication is also not only bilateral but follows the principle of one-to-many or many-to-many. This in return results in an information overload with redundancies, which is obstructive among important agreements (cf. Creusen/Gall/Hackl 2017, p. 69).

Digital communication also leads to a virtual and asynchronous collaboration, which easily allows to extend the circle of participants. Therefore, communication is transparent and researchable, which results in better creation of know-how, as ideas can be discussed and developed fast and across clusters and feedback can be given directly without need for any official meetings (cf. Creusen/Gall/Hackl 2017, p. 69f.).

Another issue to consider in the context of digital communication is the transparency and ubiquity of information, as it can be accessed from everywhere - from the workplace or home office. However, this might also lead to a decrease of power of leader, as information is in most cases still trustable. This in return is anachronistic

to a society, which is used to get information in real time (cf. Creusen/Gall/Hackl 2017, p. 71).

5.2 Endogenous Influencing Factors in Family Businesses

In FBs, a differentiation between endogenous factors in the family and in the business occurs. In the context of business, traditional endogenous factors are outdated technology, managerial mistakes or organizational inefficiency. These factors are a danger to the company's existence. Contrary to non-FBs, the family factor plays an important role in FBs and in combination with the business it might even constitute a threat (cf. Rüsen 2017, p. 44f.; Brühl 2004, p. 6). Business families may create stressor situations within the FB over the course of withdrawals, buyouts or unexpected succession. Critical family situations like death, illness, accidents or psychological suffering may trigger a leadership crisis and evolve to an existential threat. Additionally, conflicts and disputes among family members may cause stressor situations in the business (cf. Rüsen/Von Schlippe 2007, p. 319f.).

To ensure the future existence of FBs, parts of the business can be sold, the top management can be changed or shares of the business can be transferred to third parties. These events however, result in a decoupling of the business and the family (cf. Rüsen 2017, p. 46).

Endogenous factors in FBs can be divided into several categories:

- Conflicts caused by the patriarch's personality (cf. Von Schlippe 2014)
- Inertia (cf. Hannan/Freeman 1984)
- Nepotism (family reasons vs. business logic) (cf. Simon 2005)
- Interrelation of subsystems (cf. Simon 2005)
- Succession conflicts (cf. LeMar 2014)
- Generational conflicts (cf. LeMar 2014)
- Sibling rivalry (cf. Simon 2011)
- Gender conflicts (cf. Kellermanns/Von Schlippe 2008)
- Influence of third parties (cf. Simon 2012)
- Conflicts regarding partner choice or in-laws (cf. Kaye 2005)
- Stressors triggered by an individual (cf. Holmes/Rahe 1967)

The focus of this thesis is set on the endogenous factors *personality of a patriarch, inertia* and *the interrelation of the three systems of FBs*. The reason for this choice is based on extensive literature research (cf. Von Schlippe 2014; LeMar 2014; Aronoff/Baskin 2011; Meyer 2007) and a ranking based on their importance and strength of influence on cooperative leadership, carried out by the supervisor and the author of this thesis. This ranking can be found in the appendix (cf. Appendix p. A-23). However, as it is again merely an assumption, it needs to be falsified or verified by experts over the course of the qualitative market research.

5.2.1 Patriarch

A patriarch can be defined as the top management of FB, who combines all relevant expectations of authority from the outside as well as from the inside and who is always the last instance within the decision-making process in case of doubt. The patriarch is a typical phenomenon of the founder generation. However, if a successor proves success over time and is accepted as the new head of the family by relevant family members, this patriarchal model is repeated (cf. Von Schlippe 2014, p. 92 - 98).

It can be stated that the characteristics and behaviour patterns patriarchs realize in the family are in general the same as in the FB. Patriarchs place high value on independence and self-will. Furthermore, patriarchs like to take risks, assume responsibility, show high commitment and effort towards the FB and are combatants. Their leadership style is very authoritarian and emotional and their relationships with other people are mostly complementary, which means that there are only winners or losers for patriarchs. Therefore, they are only loyal towards these persons, who support them (cf. Simon 2012, p. 67; Müller/Jäger 2015, p. 246).

Furthermore, patriarchs have a very dominant, strong and tough-minded personality with unbending will, as they start a business from the very beginning and need to make things happen. As they also feel responsible for all the decision-making processes, they build a corset of behaviour patterns. They are accepted by all family members as well as employees and therefore conflicts do not escalate (cf. Müller/Jäger 2015, p. 246f.; Aronoff/Baskin 2011, p. 24). Patriarchs are convinced that they are unique and therefore not replaceable – this sentiment is also often

shared by the family and the employees (cf. Von Schlippe 2014, p. 99; Wimmer et al. 2005, p. 276).

Patriarchs often portray themselves as self-assured and confident, however, this can be deceptive, as most leaders counter feelings of low self-esteem, powerlessness or inferiority through exaggerated activity and control. They have the great need to oversee everything and like to be independent and in control. The skills and characteristics of patriarchs are perfectly appropriate for the start-up phase but might not be suitable to able to run a large and more professional business (cf. Kets de Vries/Carlock/Florent-Treacy 2007, p. 112).

5.2.2 Inertia

The term inertia is mainly used in physics. However, in psychology, inertia is defined as reduction of behavioural willingness due to a specific situation or personality, which counteracts and limits the effect of an activity. Therefore, often used synonyms for inertia are rigidity or perseverance. Furthermore, inertia can be described as an unconscious process, which is justified by lacking adaptability. In economics, inertia is mainly discussed in the context of change, transition and further development of organizations. The Population Ecology-Theory by Hannan and Freeman (1984) discusses organizational inertia and states that inertia can have positive as well as negative effects. On the one hand, it may guarantee success, as proven patterns are used. On the other hand, it might cause failure as companies do not adapt to changing environments (cf. Welsch 2010, p. 59 - 67). Furthermore, it can be stated that inertia to change is caused by the great wish for security of human beings, as security means protection, clarity and certainty (cf. Peters 2015, p. 35; Müller Tiberini 2011, p. 187).

In FBs, this security is achieved by personalized continuity, which leads to high compliance to the company and the business family (cf. Meyer 2007, p. 35). This phenomenon is mainly found in small and medium sized FBs, which are in the hands of the founder generation. The reason for this is that the founder constitutes the top management, makes all decisions and consequently provides security to the members of the FB (cf. Von Schlippe 2014, p. 98f.). However, if it comes to a change in leadership and therefore to a transition insecurity and inertia within the FB can occur, as the successor cannot fill the emotional hole left by the founder (cf. Götzen

2014, p. 111f.; Meyer 2007, p. 39). Therefore, the employees are not ready to take responsibilities, as they are used to delegate the decision-making to the leader and to ascribe failures to him or her (cf. Von Schlippe 2014, p. 101; Meyer 2007, p. 38f.). Furthermore, the employees are less motivated, do not solve problems on their own, are not able to work and think independently and are not willing to take risks. However, inertia in FBs also leads to high loyalty and strong commitment to the business. Furthermore, employees search for direct communication, but are not able to conduct a debate and to convince others by their own argumentation (cf. Meyer 2007, p. 80).

5.2.3 Interrelation of the Subsystems

On the contrary to families, which only need to separate between the social subsystems family and external organization, business families also have to deal with the co-evolution of the subsystems family and business. This connection is mostly linked with specific social and mental requirements for business family members. If the actors in the two subsystems are identical, a diachronic dissociation (chronological order of family and organization) as in the case of non-business families is not possible. The logical consequence is that roles are mixed (e.g. father and at the same time top manager) and people-oriented communication is mixed with task-oriented communication. This influences the actor but also the environment as expectations on the person arise. Therefore, misunderstandings and confusions may arise, and the behaviour of people can appear irrational and not reasonable (cf. Simon 2005, p. 39 - 41; Großmann 2014, p. 96). Furthermore, to recognize these differences between the two subsystems often constitutes a challenge. Therefore, conflicts within the business are mostly transmitted to the subsystem family or vice versa (cf. Wimmer et al. 2005, p. 205).

Leaders, who are part of the family and business subsystems, are confronted with pragmatic paradoxes, as a decision which is *right* in the context of the family might be *wrong* in the context of the business and vice versa. There is no logical foundation for preferring one context over the other and consequently, decisions are mostly left out or made by arbitrariness (cf. Simon/Wimmer/Groth 2012, p. 29f.).

Another possibility is the inclusion of family members who are not part of the business. In most cases, these are mothers and wives. They are concerned about

the stability of the family and have an indirect, mostly invisible but strong influence on the business (cf. Meyer 2007, p. 137f.; LeMar 2014, p. 95). Family members, who are also within the subsystem ownership and therefore still shareholders, might even exert more influence, as they provide money to the business and are concerned about the family. Most of the time, these are the predecessors who have retreated from the operative business (cf. LeMar 2014, p. 44f.; Rüsen 2017, p. 25).

5.3 Summary of Relevant Influencing Factors

As the previous chapters have shown, each exogenous and endogenous influencing factor has further specifications. Therefore, this chapter aims at summarizing the previous chapters exogenous and endogenous factors and their specifications to provide a ranking of these and explain, why the further focus is set on only a few of these specifications of the influencing factors.

The following table summarizes the chosen three exogenous influencing factors with their main specifications:

Exogenous Influencing Factors				
Generation Z	Demographic Change	Digital Communication		
flexibility	Silver Society	disappearance of borders of communication		
independence	multigenerational workforce	decline of social intelligence		
multitasking	war of talent	information overload		
avoiding responsibilities		transparency		
disloyalty		ubiquity		
work-life-balance				

Table 4: Overview of Exogenous Influencing Factors (own presentation)

The following figure aims at displaying the ranking of all specifications of the exogenous influencing factors by using different colours and font sizes based on the relevance and probability with reference to the challenges of cooperative leadership in FBs and the supportability when creating a model and a tool. The ranking is based on extensive literature research (cf. Spreitzer/Cameron/Garett 2017;

Townsend/McDonald/Cathcart 2016; Čič/Zizek 2017; Schulze et al. 2017; Darics 2017) and comprehensive discussions between the supervisor and the author of this thesis.



Figure 5: Ranking of Main Specifications of Exogenous Influencing Factors (own presentation)

Additionally, it must be clarified that all specifications are coherent and correlate with each other, which makes a clear differentiation very difficult. However, the specifications in red and with a bigger font are the specifications on which the focus is set within this thesis and which are seen to be the most challenging for cooperative leadership in FBs. Multigenerational workforce, flexibility and disappearance of borders of communication are therefore chosen to constitute challenges for cooperative leadership in FBs, as seen in literature research, these are the most relevant and expectable topics leaders must deal with nowadays. The orange-coloured specifications almost made it into the selection, as these are also important factors, but a closer inspection would be beyond the scope of this thesis. The characteristics written in black are also classified by their font size and represent the least relevant and expected factors in terms of cooperative leadership in FBs.

Table 5 outlines the endogenous influencing factors and their main specifications:

Endogenous Influencing Factors				
Patriarch	Inertia	Interrelation of Subsystems		
self-will	insecurity	allocation of roles		
concentration of power and authority	difficulties with behavioural change	paradoxes of decision- making		
taking all responsibilities	lack of motivation	strong involvement of family members		
authoritarian and emotional leadership style				
dominance				

 Table 5: Overview of Endogenous Influencing Factors (own presentation)

The following figure also aims at portraying the ranking of all main specifications of the endogenous influencing factors by using different colours and font sizes, based on the relevance of the challenges for cooperative leadership in FBs. Hereby, the ranking was mainly made after extensive discussions between the supervisor and the author of this thesis. The specifications concentration of power, difficulties with behavioural change and strong family influence in red colour and the biggest font size are the specifications on which the focus is set within this thesis and which are chosen to constitute the main challenges for cooperative leadership in FBs. The consideration of the also relevant, orange-coloured specifications is again beyond the scope of this master thesis and the specifications in black are also divided by their font size and represent the least relevant factors with regard to cooperative leadership in FBs.



Figure 6: Ranking of Main Specifications of Endogenous Influencing Factors (own presentation)

However, as these selections are assumptions, the importance and relevance of these chosen specifications of endogenous and exogenous influencing factors are falsified or verified over the course of the market research.

6. Challenges of Cooperative Leadership created by Influencing Factors

Based on the previous made selections, the following chapters elucidate the challenges constituted by the chosen exogenous and endogenous influencing factors.

6.1 Challenges created by Exogenous Influencing Factors

The following subchapters outline the challenges created by exogenous factors of cooperative leadership in FBs, namely flexibility, multigenerational workforce and disappearance of borders of communication.

6.1.1 Flexibility

Due to advancements in technology, the understanding of time has become more flexible. Consequently, people prefer flexible work arrangements, which can be defined as adaption to location, timing or tasks of work (cf. Zafar Nasir 2017, p. 220; Townsend/McDonald/Cathcart 2016, p. 2086). Therefore, flexible work arrangements can be classified in three dimensions: (a) flexible employment relationships like job sharing, part-time work or personal leave, (b) flexible work schedules, and (c) flexible workplace. In this context, freelancers, who do not want to be employed but rather enjoy work-life balance, and long-term employees, who choose their place and time of work on their own are different kinds of flexible work arrangements (cf. Spreitzer/Cameron/Garett 2017, p. 474; Townsend/McDonald/Cathcart 2016, p. 2086).

The cloud technology and collaborative software are main drivers of flexibility and allow employees to access work from any location. Many employees therefore prefer to work from home, at coffee shops or other places outside of the regular office. As a result, increased self-management is demanded and leaders might use technologies for monitoring and surveillance, which can be interpreted by employees as either legitimate or oppressive. Furthermore, this physical isolation results in less face time and a decreased personal relationship between the employees and the leaders and therefore, reduces organizational identification. The

main task for leading persons hereby is to keep close contact with the employees (cf. Spreitzer/Cameron/Garett 2017, p. 476 - 483).

Another aspect of this are the flexible working hours, which are a result of the high demand for work-life-balance. Leaders nowadays have to offer flexible working hours to attract and retain young employees, who give in return high engagement, productivity, high quality work and less absenteeism. On the one hand, this might lead to the fact that people work non-stop, from anywhere and anytime. On the other hand, flexible working hours allow employees to better balance their private and business life (cf. Haar/Roche/Brummelhuis 2017, p. 5; Spreitzer/Cameron/Garett 2017, p. 481f.).

Flexible working arrangements in general challenge the scheduling and coordination of work assignments and decision-making processes. Leaders also need to equally allocate flexible working arrangements among employees, as otherwise this could be perceived as unfair or unequal treatment because others must carry the workload of absent employees, which in return leads to less commitment (cf. Sweet/Pitt-Catsouphes/Boone James 2017, p. 52; Hoeven et al. 2017, p. 213).

Another issue is the attitude of leaders towards flexible working arrangements. If they perceive such an arrangement as an offense against their business, collaborations and common decision-making are endangered. Therefore, leaders need to learn how to manage employees with flexible schedules, different work places or arrangements (cf. Sweet/Pitt-Catsouphes/Boone James 2017, p. 65f.).

6.1.2 Multigenerational Workforce

The labour market is currently populated by employees from five different generations: (a) the Silent Generation, born before the end of World War II, (b) Baby Boomers, born between the end of World War II and the 1960s, (c) Generation X, born between the 1960s and up until the middle of the 1980s, (d) Generation Y or Millennials, born between the late 1970s and the late 1990s, (e) Generation Z, born between the mid 1990s and 2000s (cf. Čič/Zizek 2017, p. 50). Therefore, businesses are forced to deal with employees who belong to different generations and various age groups. The employees are not only different in age, but also in experience,

skills, working styles, motivators, teamwork, learning orientation, attitudes, values and behaviours, which lead to a dynamic and volatile environment. These differences force leaders as well as employees to understand and respect the individual needs of each generation and the cooperation between the different generations (cf. Zafar Nasir 2017, p. 219; Chawla/Dokadia/Rai 2017, p. 181f.).

Within a multigenerational workforce stereotypes and generalizations might subconsciously arise, which are in most cases constituted by employees and leaders alike. Most of the time, these stereotypes are negative, unsubstantiated, unverified and become offensive and absurd. Especially the number of negative stereotypes towards the older generation are rising in number. As a result, the gap between the generations increases, conflicts arise and the older generation is less motivated. An effective way to overcome these stereotypes are cooperative tasks, as they produce greater tolerance, cooperation and a better understanding of the other generations (cf. Čič/Zizek 2017, p. 51; Hertel et al. 2013, p. 731).

The main differences in the context of leadership can be traced back to technology, family and work, motivators for work and attitude towards authority. Especially for cooperative leadership, the multigenerational attitude towards authority can be a challenge, as especially Baby Boomers are likely to prefer authoritarian leadership due to their high faith in hierarchy and working the way up the ladder. Furthermore, the younger generations are more open-minded towards changes, whereas the Baby Boomers and the Generation X are more sceptical and do not like change. Another essential difference between the generations is the use of technology. While for Generation Y and Z the use of new technologies does not constitute a problem, the Baby Boomers and Generation X are not as familiar with them. Consequently, the type of communication of the different generations also varies. The older generations prefer to communicate in-person and directly, whereas the younger generations mainly use instant messages and emails. These differences in communication preferences can result in misunderstandings, employee turnovers, problems with obtaining new employees or decreasing of long-term commitment. Therefore, businesses must organize communication in a way that suits all generations. Digital as well as face-to-face communication must be included into the work routine (cf. Kicheva 2017, p. 103 - 111; Tewari/Bhattacharyya 2017, p. 16). Ensuring participation of all generations within cooperation constitutes a challenge for FBs – still, it has a decisive role in reducing multigenerational conflicts and is important for active aging, career planning, know-how transfer and development of individuals. However, the already mentioned various values, approaches and working styles of the different generations present a challenge for leaders. Therefore, understanding the individual generational needs, focusing on the strengths and organizing and leading multigenerational teams are key topics that future leaders need to include. Beneficial concepts to encourage cooperative multigenerational working are mentoring schemes, job sharing or rotation, talent management and coaching. Furthermore, the acquisition and maintaining of employees in such a way that the business retains an adequate relation between the generations and the generationally individual development methods are challenges for leaders (cf. Čič/Zizek 2017, p. 51 - 54).

However, multigenerational cooperation can also be beneficial, as lifelong learning and knowledge transfer is ensured, creative thinking and innovations are improved, social networks are expanded and diversity of skills and multiple perspectives at work are increased (cf. Čič/Zizek 2017, p. 56; Hertel et al. 2013, p. 730).

6.1.3 Disappearance of Boundaries of Communication

Due to the rise of technology, traditional forms of communication are changing. The result is a predominantly computer-mediated communication (cf. Schulze et al. 2017, p. 284), which can be defined as "... any human symbolic text-based interaction conducted or facilitated through digitally-based technologies" (Spitzberg 2006, p. 630). These technologies are instant messaging, chats, emails as well as forums, which all lead to a blurring of boundaries. This in return influences the decreasing importance of hierarchies and increasing participating opportunities for employees, as participation is more equally allocated (cf. Schulze et al. 2017, p. 284; Meier et al. 2017, p. 105; Kolb/Prussia/Francoeur 2009, p. 343). As communication is summarized in one common place, sharing of ideas and unlocking discretionary effort gets easier and faster and communication-awareness increases (cf. Jesuthasan 2017, p. 63; Krancher/Dibbern/Meyer 2017, p. 1).

Compared to face-to-face communication, facial expressions, body language, nonverbal communication cues and a feeling of nearness are left out within

computer-mediated communication. Furthermore, communication via textual channels forfeits auditory cues, as the composition, reading and interpretation of messages occurs in different physical environments. However, proxies can be used to replace the missing social and nonverbal communication, e.g. smileys, punctuations or unconventional orthography (cf. Schulze et al. 2017, p. 284; Darics 2017, p. 5). It is important to state that these nonverbal proxies cannot be seen as generalized cues, as these have to be related to the context of the message and are coexistent with the verbal part of the message. Moreover, these nonverbal proxies in digital communication are here equally - if not even more - important than in face-to-face communication. The reason for this is that nonverbal cues in virtual cooperation are used to eliminate miscommunication, accept a positive interactive style and enable a supportive working environment (cf. Darics 2017, p. 10 - 20). However, as social distance is increased by the minimized richness of social and nonverbal cues of face-to-face communication, the positive working relationship between employees and leaders may be negatively influenced (cf. Muir et al. 2017, p. 526f.; Van Wart et al. 2016, p. 13).

Cooperative leaders favour face-to-face communication, therefore, the online environment may constitute a challenge. Nevertheless, leaders need to train to apply computer-mediated communication and need to be present online, no matter how good their face-to-face skills are. As studies have shown, knowledge, skills and abilities, like motivation, expressiveness or attentiveness are distinct between face-to-face and computer-mediated communication (cf. Kolb/Prussia/Francoeur 2009, p. 348f.; Schulze et al. 2017, p. 292f.). Therefore, future leaders need to be equally skilled in online and face-to-face communication. Besides, there are a lot of technical alternatives to face-to-face communication and for holding virtual meetings like Skype, Watchitoo, Facetime or Adobe Connect. These programs allow employees and leaders to simultaneously see and talk to each other via webcam (cf. Ford/Piccolo/Ford 2017, p. 30).

6.2 Challenges created by Endogenous Influencing Factors

The following subchapters clarify the challenges of cooperative leadership resulting from endogenous factors in FBs, namely concentration of power, difficulties with behavioural change and strong family influence.

6.2.1 Concentration of Power

As in FBs the patriarchal leadership style is mostly used, the development of cooperative leadership constitutes a challenge (cf. Howarth 2016, p. 56). Patriarchs are mainly defined by their authoritarianism and benevolence, which leads to the fact that they are not willing to share decision-makings or relinquish control, but still show concern for the wellbeing of their subordinates. As patriarchs exercise authority, obedience, control and strict discipline, the concentration of power lays on them (cf. Tian/Sanchez 2017, p. 235; Dardha 2016, p. 359). An essential challenge for patriarchs to lead cooperatively is therefore to share power with the subordinates, as this gives the leaders a feeling of losing control (cf. Haselhuhn/Wong/Ormiston 2016, p. 2).

Here, group works might be slower and less efficient. As a result, there is a concern to transfer to cooperative leadership, as patriarchal leadership is more efficient and effective in terms of decision-makings. However, due to the changing environment, trust in the expertise of one person would be negligent. On the one hand, it is a challenge for patriarchs to be open minded for different opinions and build trust in their subordinates. On the other hand, fostering timeliness and keeping effectiveness and efficiency within the process of cooperative decision-makings constitutes a challenge (cf. Raelin 2017, p. 3f.).

Furthermore, patriarchal leaders are used to communicate one-way and that the followers react to their communication with intended and planned communication (cf. Von Ameln/Kramer 2012, p. 191; Saee 2010, p. 5). As a result, patriarchal leaders need to learn to engage in communication and to allow feedback and the voice of employees, as greater communication promotes discussions and engagement (cf. Chen et al. 2017, p. 4478; Howarth 2016, p. 45).

6.2.2 Difficulties with Behavioural Change

As inertia means that a moving object keeps moving in the same direction due to external changes, this phenomenon also describes characteristics of human behaviour related to the resistance to change. As studies show inertia also plays an important role in decision-making-processes, inertia is associated with the preference for consistency. This means that leaders prefer to repeat past decisions due to the need of consistency. Furthermore, it can be said that decision inertia is more powerful in autonomous decisions than in required ones. In this context, perseveration also needs to be mentioned, which can be defined as the tendency to repeat or prevent recently chosen decisions or actions (cf. Alós-Ferrer/Hügelschäfer/Li 2016, p. 1 - 8).

The behaviour of employees regarding organizational change is affected by accessible information, past experiences and individual cognition. Hereby, competence, integrity and benevolence of the leaders play an important role for the willingness to change. However, if employees are of the opinion that leaders are involved in change, which is likely the case within the development of cooperative leadership, they are less motivated to adapt their behaviour to the request of the leaders. Another challenge is to explain employees the motives for change, especially if the employees question the motives. If this is the case, resistance to a change in behaviour is even bigger (cf. Grama/Todericiu 2016, p. 48 - 50).

It also needs to be mentioned that there are types of human beings, with whom cooperative decision making is a challenge. Firstly, these are perfectionists, as they are of the opinion that the person who can diligently manage all tasks is only themselves. As a result, delegating responsibilities constitutes a challenge for them. Secondly, idealists have difficulties working in groups, as they always try to do the right thing. They are engaged and reliable, however, they are unable to work with others, who do not act morally but pragmatically (cf. Sprenger 2012, p. 95f.).

These mentioned factors may constitute challenges for developing cooperative leadership in FBs, as common and used behavioural patterns are difficult to change.

6.2.3 Strong Family Influence

Leaders of FBs mainly do not make decisions in isolation, but frequently ask for advice of family members. The experience and relationship of trust, which develops over a long time between family members, leads to the fact that advices of family members have the strongest influence on decision making processes. It is shown that grown-up children still ask their parents for advice and involve them in decisions long after they take over the FB (cf. Strike/Michel/Kammerlander 2017, p. 3f.; Strike 2012, p. 159).

Although predecessors change their position from the inside to the outside of the subsystem business (either as shareholders or family members), they mostly still act as mentors or advisors and want to be informed about important situations. However, the challenge for cooperative leadership hereby lies in the fact that leaders still consult predecessors on strategic decisions and therefore, indirectly involve them in the process of decision-making instead of their subordinates (cf. Cisneros/Deschamps 2015, p. 283 - 296).

Additionally, it can be stated that mothers of the leaders (the spouses of the predecessors) also exert influence on the decisions. This can be caused by the fact that they assume to lose their status as wife of the leading person or the social role representing the FB. However, this also negatively influences cooperative leadership within the FB, as the leaders make decisions with their mothers rather than with their subordinates (cf. Cisneros/Deschamps 2015, p. 296).

It must also be mentioned that FBs tend to produce a great deal of inertia due to the need of the family to maintain reliability, accountability and continuity (cf. Zachary et al. 2017, p. 62).

7. Model of Cooperative Leadership in Family Businesses

This chapter aims at outlining the main theoretical characteristics of a model and create a model, which portrays cooperative leadership in FBs and visualizes the main challenges of this leadership style considering exogenous and endogenous influencing factors. This model is created to raise awareness regarding cooperative leadership, which can be influenced and challenged by various factors.

7.1 Model Theory

Based on the objective of this thesis, a deviation to the model theory is made to give an overview of the concept of models and create a base of terminology.

In economics, models are indispensable, as many findings are based on models (cf. Oehlrich 2015, p. 139). According to Stachowiak (1973), models can be defined by the following three main characteristics:

- 1. Replication: Models are illustrations or representation of natural or artificial originals that can be models by themselves.
- 2. Reduction: In general, models do not cover all attributes of the represented original, but only those that appear relevant for the creators and/or users of the model.
- 3. Pragmatism: Models are not per se clearly assigned to their original, but fulfil the function of replacement (a) for specific cognitive and/or acting, model-using subjects, (b) within specific periods of time and (c) within restrictions to certain mental or actual operations (cf. Stachowiak 1973, p. 131 133).

Within the model of cooperative leadership in FBs, the theoretical characteristics of replication and reduction are covered more comprehensively than the characteristic of pragmatism. The reason behind this is that the model aims to replicate cooperative leadership in FBs considering exogenous and endogenous influencing factors and only covers selected attributes of these influencing factors.

7.2 Creation of the Model

The created model visualizes cooperative leadership in FBs in the form of a simplified illustration, considers the exogenous and endogenous influencing factors and aims to raise awareness of cooperative leadership influenced and challenged by these factors. With reference to the theoretical characteristic of reduction, the model of cooperative leadership in FBs displays not all exogenous and endogenous influencing factors. Three models are visualized in the next chapters. The first model displays cooperative leadership in FBs and the influencing exogenous factors, the second shows the endogenous influencing factors and the third figure depicts cooperative leadership in FBs considering both exogenous and endogenous influencing factors.

7.2.1 Model Considering Exogenous Influencing Factors

The following figure displays the three-circle model of FBs and highlights the subsystem business, as within this circle cooperative leadership takes place. The arrows depict the exogenous factors, which have an influence on FBs, whereby the different colours indicate the strength of influence. The three red arrows outline the exogenous factors, which have been chosen by the author to have the greatest influence on cooperative leadership in FBs. The orange arrows represent the exogenous influencing factors, who have almost made it into the selection, as these are also important factors and the black arrows are the factors, which are the least important in relation to cooperative leadership. The arrows point towards the whole system of FB as this indicates the influence of these exogenous factors on the FB and therefore, on cooperative leadership. However, the number of the arrows is randomly chosen, and the different lengths of the arrows do not have any meaning. Furthermore, the arrows do not indicate, which effect these factors have on cooperative leadership. The broken line represents the border between the systems FB and the environment and therefore, the border between exogenous and endogenous factors.

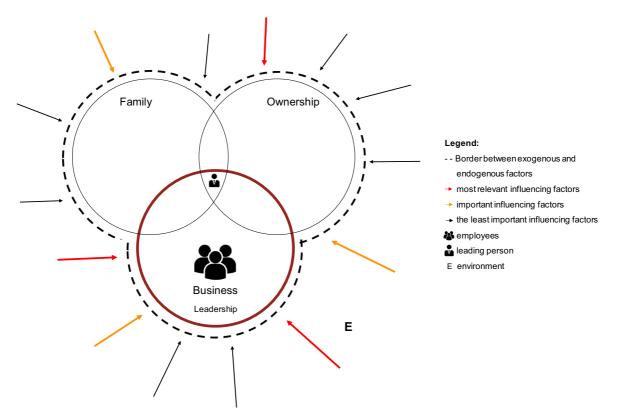


Figure 7: Model of Cooperative Leadership in FBs considering Exogenous Influencing Factors (own presentation)

The exogenous factors multigenerational workforce, disappearance of boundaries of communication and flexibility exercise a controlling influence on cooperative leadership. In today's FBs, a multigenerational workforce can be found, which has different working attitudes, preconditions, needs and expectations on leadership. These varying combinations constitute big challenges for cooperative leadership in FBs. Therefore, the following questions arise: How can equal treatment of a multigenerational workforce be realised to meet the different preconditions and expectations? How can a gap arising between the different generations be avoided?

Moreover, due to the rise of digital technology, communication changes. As a result, it is requisite to find answers to the questions: How to communicate in the most effective way within the rise of written communication? How to overcome the different levels of technology know-how and different preferences of communication style of the workforce?

With reference to flexibility, it can be mentioned that cooperative decision-making might be hampered. Therefore, the following main question arises: How can decisions be made cooperatively when having flexible working arrangements?

7.2.2 Model Considering Endogenous Influencing Factors

Figure 8 represents the model of cooperative leadership in FBs considering the endogenous influencing factors. The ownership circle portrays external owners as endogenous factors, but is not further considered in this model, as the focus is set on the influencing factors from the subsystems family and business and as the leading person of the FB has been defined as a family-internal sole owner. The circle of the subsystem family is discontinuous to the subsystem business, as it implicates the strong influence of the family on the business and their intense interconnection in the purpose of leadership. The different colours of the arrows again demonstrate the different strength of influence on cooperative leadership. The red arrows implicate the most relevant influencing factors, strong family influence, concentration of power and difficulties with behavioural change, chosen by the author. There are four red arrows, as the influencing factor strong family influence can originate from family members, who hold shares of the business and are therefore, in the ownership circle or from family members, who either work in the FB or are not part at all of the business. The orange arrows present the important factors and the black the least relevant influencing factors. However, these arrows should especially build awareness that there are also other endogenous factors influencing cooperative leadership in FBs and therefore, the number of arrows is randomly chosen. Again, the length of the arrows and the direction, in which the arrows point, do not have any meaning. Furthermore, the arrows do not implicate any effect on cooperative leadership.

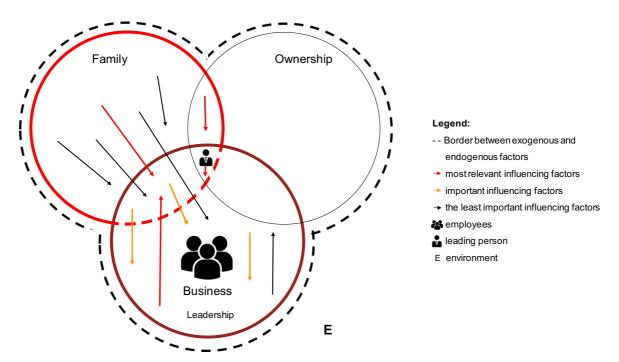


Figure 8: Model of Cooperative Leadership in FBs considering Endogenous Influencing Factors (own presentation)

The three-circle-model of FBs provides the legal framework by inheritance law, labour law and ownership rights as determinants of the subsystems. System elements can therefore only be part of the system family business, when at least one of these legal requirements is fulfilled. Therefore, the laws clearly ascribe the system elements to their systems or system overlaps. However, within FBs these legal frameworks do not represent the reality, as there is a certain ambivalence surrounding roles (cf. Riedner 2017). Therefore, leadership in FBs is afflicted with particularities and challenges. Family members, which are not part of the subsystem business, still exert strong influence on the decision-making process. As a result, decisions are not made cooperatively within the subsystem business, but rather within the subsystem family. This means that the following question arises: How can a leading person meet the expectations and demands of family members and at the same time perform cooperative leadership, although family influence on decisions is very strong? How can a cooperative leadership style be realized when the predecessor still exerts strong influence on decisions? However, the leading person itself can also constitute challenges for cooperative leadership in FBs, as he/she concentrates all the power and rather live an authoritarian leadership style. Consequently, the following questions emerge: How can a rather authoritarian leading person learn to make decisions cooperatively with the employees? How is it possible to change existing behaviour structures from taking all responsibilities to sharing responsibilities with employees? How can employees learn to make decisions cooperatively after never being responsible for any decisions? How is it possible to overcome this insecurity and inertia of both, leaders and lead persons?

7.2.3 Model Considering Exogenous and Endogenous Influencing Factors

The following figure 9 depicts the model of cooperative leadership in FBs considering both exogenous and endogenous influencing factors. Hereby, the arrows again represent the influencing factors and the broken line enveloping the system *family business* constitutes the border between the FB and the environment and therefore, the border between exogenous and endogenous influencing factors.

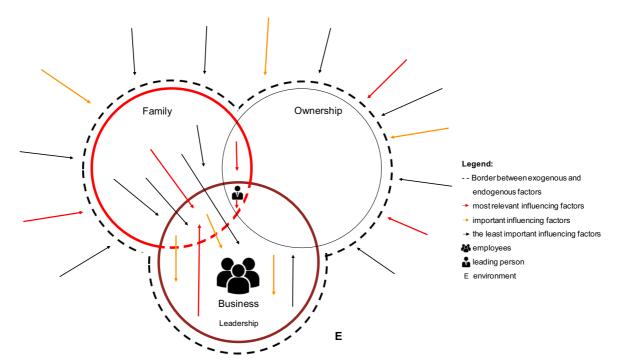


Figure 9: Model of Cooperative Leadership in FBs Considering Exogenous and Endogenous Influencing Factors (own presentation)

The exogenous factors only point at the subsystems family and ownership, as the following assumption has been developed: The subsystems family and ownership are protective shields, which compress, change or even absorb the exogenous influencing factors and therefore, protect the subsystem business. This means that the exogenous factors do not influence cooperative leadership at all or only limited and therefore, constitute less challenges. Nevertheless, these protective shields can only work well, if these two subsystems perform. The size of the family or group of owners, the generation the FB is in, the relationship, the communication style or conflicts within the family members and owners are criteria, which may strengthen or weaken the protective shield. Regarding a multigenerational workforce and Generation Z, the protective shield of family and ownership can talk about the

different value concepts of the generations or the wish of more flexibility at work and extensively think about the consequences and possibilities and develop a clear concept for a cooperative working life in the business. In reference to digitalization and the increased scriptualisation of language, the family and owners can again create a clear concept in order to meet the different communication styles of different generations and to guarantee successful cooperative working within the business. Furthermore, it is important that the family members and owners agree and also live the values in order to make it more understandable and easer for the employees to follow these values and rules. Regarding the protective shield of family and ownership, the following questions arise: What does it take that these protective shields work? How can the subsystem family be formed to act as protective shield? What does the subsystem ownership need to do to be a protective shield for cooperative leadership? What are the downsides of these protective shields?

The main purpose of this model is to raise awareness regarding the challenges of cooperative leadership in FBs considering the main exogenous and endogenous influencing factors. Furthermore, it provides a demonstration of leadership within FBs.

As demonstrated, cooperative leadership in FBs is challenged by various exogenous and endogenous influencing factors and above all by the intermixture and the resulting complexity of these influencing factors. To find answers to the previously posed questions and to give recommendations for living a cooperative leadership style by facing these challenges, it is necessary to conduct a qualitative market research, as it is not possible to find answers to these questions in theory only.

8. Tool for Leading Persons in Family Businesses

This thesis additionally aims at creating a tool that supports leading persons in FBs in order to build awareness of the actual leadership style of the leader and for exogenous and endogenous factors influencing cooperative leadership. The focus of this tool is set on cooperative leadership, as this thesis mainly deals with cooperative leadership and based on today's ongoing social and technical changes leading cooperatively is essential for FBs to compete on the market.

8.1 Theoretical Considerations for the Development of a Tool

For the development of the tool that supports leaders with cooperative leadership in FBs, theoretical foundations about creating tools must be made. The aim of this digression is to provide a basic understanding of the concept of leadership tools.

Leadership tools are auxiliary means for leaders that refer to particular situations or sub-processes and provide specific proposals, recommendations, rules or procedure for these situations or sub-processes. The tools can be applied to the direct process of leading employees or also to the organization of communicative processes. The ultimate aim of using a leadership tool is to achieve the company goals (cf. Wirtschaftslexikon24 2017).

By using tools, leadership becomes visible and controllable. Furthermore, tools contain the know-how and approaches of top leaders and therefore, can be passed on to other leaders. However, it is difficult to apply leadership tools to every situation. Therefore, it is of great importance that tools are adaptable to different situations, enable various ways to achieve goals and continuously improve by themselves. Moreover, tools need to have a clear goal and an effect itself, otherwise a decoupling from reality may happen. Furthermore, tools need to foster the relationship between leaders and employees by simplifying problems and reducing complexity (cf. Grannemann 2013).

8.2 Structural Design for the Development of the Tool

The tool for leaders of FBs firstly consists of a psychological leadership test, in which the leading person has to answer certain questions and which evaluates the personality and behavioural patterns of the leaders. The leadership test is selected by recommendation of an expert and by self-testing and is called leadership style assessment by Hogrefe (2015).

This questionnaire portrays a range of leadership dimensions as it relates to various leadership styles. The portrayed leadership styles are based on the full range of leadership model by Avolio and Bass (1994), which differentiates between eight dimensions. These dimensions can be summarized to three main leadership styles, which differ in their effectiveness and the activeness of the leaders. The three leadership styles are named transformational leadership, transactional leadership and Laissez-Faire. As the transactional leadership is characterized by a direct transaction between leading person and employees and the leaders are acting according to the principles of remuneration for achieving goals, this leadership style can be interpreted as authoritarian leadership style. The dimensions of the authoritarian leadership style according to the questionnaire are intervention in the case of need, active control and performance-oriented remuneration. The transformational leadership style is described as active and effective leadership and transforms the individual goals of the employees to common goals of the team or organisation and therefore, can be interpreted as cooperative leadership style. This leadership style includes the following dimensions: charismatic behaviour patterns, inspiring motivation, individual appreciation and intellectual stimulation. The Laissez-Faire leadership is very passive and ineffective and is described by one dimensions within the questionnaire (cf. Hogrefe 2015).

The leadership style assessment questionnaire enables a situative detection of leadership behaviour, as it included eight descriptions of situations, whereas to every situation there are eight reactions possible, which is in accordance with the full range of leadership model. The questionnaire can be conducted by the leading person themselves and by the employees, who can evaluate the behaviour of their leading person (cf. Hogrefe 2015).

As a next step of the tool, the results of the questionnaire have to be interpreted and assigned to the three leadership styles, authoritarian, cooperative and Laissez-Faire. Based on this, recommendations are given, on how to come to a cooperative leadership and how to cope with the influencing factors to lead cooperatively. If the leadership style of the leading person is already very cooperatively, the tool still shows the challenges of this leadership style by considering the exogenous and endogenous influencing factors. Therefore, the tool for leaders is also integrated in the model of cooperative leadership and also visa versa, as the tool makes aware of the actual leadership style.

Based on the theoretical findings of this thesis, the challenges of cooperative leadership by considering the selected exogenous and endogenous influencing factors can be formulated. However, as already mentioned in the course of the creation of the model this selection needs to be falsified and verified by experts within the qualitative market research. Furthermore, answers and recommendations for overcoming these challenges of cooperative leadership also need to be inquired within the market research of this thesis.

The main purpose of this tool is to raise awareness in leaders about their applied leadership style. Furthermore, the tool supports leaders to regulate themselves. Lastly, the tool gives recommendations on how to overcome the challenges of cooperative leadership in FBs.

9. Research Design

This chapter represents the main characteristics of the research design of this thesis. Initially, the methodology and the information required for the analysis and the objectives of the used research method are described. Moreover, this chapter includes the description of the process of data collection, evaluation and interpretation of the used research method.

9.1 Methodology

The first part of the research carried out in this thesis included an extensive desk research in the fields of FBs, leadership and influencing factors. The literature used in the theoretical part was obtained from academic books, compilations, professional journals, the internet and databases. Based on an extensive review, deeper insight into the aforementioned fields was gained and as a result, a model for cooperative leadership in FBs and a structural design for the development of a tool for leaders was created.

Because the selection of the exogenous and endogenous influencing factors has to be falsified and/or verified, the model of cooperative leadership for FBs is newly created and no literature is available, primary research for the empirical study is chosen as valid method for this thesis. In the field of primary research, qualitative and quantitative methods can be used to gather the required data. The qualitative approach aims to investigate the connections and effects of certain variables and therefore, new knowledge can be created. However, the quantitative method explores data, which is numerically collectable to receive precise information about development or certain characteristics (cf. Kreis/Kuß/Wildner 2014, p. 13f.; Magerhans 2016, p. 70; Lawrence Neumann 2007, p. 110). Over the course of this thesis, qualitative and quantitative market research is used to get a broader understanding and deeper insight into the model of cooperative leadership in FBs and to get a representative result of the actual leadership styles of FBs in Styria.

Over the course of qualitative market research, in-depth interviews, focus groups and expert interviews can be used. Within this thesis expert interviews are conducted, as expert knowledge is required to gain a critical review of the created model and the selected exogenous and endogenous influencing factors, due to the

information deficit (cf. Pfadenhauer 2009, p. 452). Additionally, expert interviews assure that credible and direct information on the research objectives is collected (cf. Bhattacherjee 2012, p. 69). Finally, the complexity of the topic was a further reason for the selection of expert interviews within the context of the qualitative market research.

In addition to observations, experiments and panels, standardized interviews can also be used in quantitative research. Standardized telephone interviews are conducted within this thesis to fill the information gap on the kind of leadership styles that are used in FBs and to gain insights in the influencing factors on cooperative leadership. By the use of telephone interviews there is no risk of bias as no influence of third persons is given, spatial borders do not play any role and the time flexibility is high. However, the questionnaire must be short and therefore, only a limited number of questions are possible (cf. Magerhans 2016, p. 115 - 131).

9.2 Qualitative Market Research

Over the course of the qualitative market research, 16 expert interviews were conducted. The following chapters gives a clear instruction of the conducted qualitative research within the analytical section of this thesis.

9.2.1 Required Information

Due to the interconnection of the three social systems, leadership in FBs is challenging and complex. Moreover, cooperative leadership in FBs is sensitive to exogenous and endogenous influencing factors, which can cause challenges. These influencing factors on cooperative leadership can be captured by a model for cooperative leadership for FBs. However, an information deficit exists in the model regarding its suitability and applicability to FB. No scientific discussion has considered the need for a model capable of illustrating cooperative leadership in FBs considering main influencing factors. Furthermore, there is a lack of information about the exogenous and endogenous factors, which influence cooperative leadership in FBs the most. The conducted ranking and selection need scientific discussion and need to be falsified or verified. Additionally, there exists an information deficit in the tool regarding its applicability and comprehensiveness, as

no such tool yet is present and as there is no scientific discussion about the sufficiency of the selected exogenous and endogenous influencing factors.

This leads to an information gap on the following questions:

- What factors influence and therefore, constitute challenges for cooperative leadership in FBs?
- Is a model of cooperative leadership in FBs suitable to visualize the challenges of this leadership style considering the main exogenous and endogenous influencing factors?
- What are the limitations of a model of cooperative leadership in FBs?
- Is a tool of cooperative leadership in FBs suitable to build awareness for the applied leadership style and to give recommendations on how to overcome the challenges of cooperative leadership?
- What influencing factors need to be considered to develop a tool for leaders in FBs?
- What recommendations can be given to overcome the challenges of cooperative leadership in FBs arisen by exogenous and endogenous influencing factors?

9.2.2 Objectives

The aim of the qualitative research is to approve the selected exogenous and endogenous influencing factors, the suitability of the model of cooperative leadership in FBs and to evaluate the applicability of a tool of cooperative leadership in FBs. Consequently, cooperative leadership in FBs and its exogenous and endogenous influencing factors should be taken into consideration. Additionally, the analytical section describes the need for a model and a tool of cooperative leadership in FBs.

9.2.3 Sample

In qualitative research, incidental and conscious sampling can be differentiated. Within the course of this thesis, the conscious selection is chosen, as it guarantees the formation of a sample that can especially contribute to the information deficit. Furthermore, a differentiation between the sample composition and the sampling approach can be made. To gain insight into various perspectives, the sample itself is heterogeneous, as it allows for gathering practical and theoretical information. Furthermore, the sampling can be based on a data-controlled or theory-controlled

method. Within this analytical part the theory-controlled method is applied, as it is the most suitable option due to the existing knowledge of the research topic. The theory-controlled method chooses the elements of the sampling based on certain criteria (cf. Schreier 2011, p. 244 - 252).

The sample of the qualitative research consists of 16 experts. These experts are split by a 50:50 ratio into practitioners and theorists. The group of practitioners provide profound (three years or more) expertise in leadership and consists of owners and CEOs of FBs. The group of theorists provides profound (five years or more) expertise regarding leadership and FBs. This group consists of lecturers, scientists, consultants or advisors.

9.2.4 Hypotheses

The following hypotheses build the very basis for the qualitative market research:

H1: The created cooperative leadership model is suited to visualize the challenges of this leadership style considering the influencing factors.

H2: The created tool is suited to support leaders by building awareness of the factors influencing cooperative leadership.

H3: Cooperative leadership is the best response to challenges of FBs.

H4: The subsystems family and ownership are protective shields and therefore, absorb the exogenous influencing factors.

H5: This hypothesis can be found in the appendix (cf. Appendix p. A-25).

9.2.5 Process of Data Collection, Evaluation and Interpretation

The time frame for conducting the qualitative research is set from January 30th to March 2nd, 2018. The interview guideline used for the expert interviews is semi-standardized and consists of assorted open and closed questions. Each interview takes approximately 40 minutes and is recorded via dictation machine. After shortening the interviews, the content is arranged in five categories that are derived from the interview guideline: cooperative leadership in FBs, exogenous influencing factors, endogenous influencing factors, model of cooperative leadership in FBs and tool for leaders in FBs. In the next step, a final evaluation and interpretation of the results will be performed with the help of the software program *MAXQDA*, whereas Excel is used for the quantitative elements.

9.2.6 List of Experts

The following table represents the 16 experts, whereby the *R* stands for respondent and the number indicates a ranking according to the date of interview.

Theorists		Practitioners	
R1	Mag. Dr. Peter Hadl, Consultant, Lecturer at University of Graz	R5	Bernd Dorrong, CEO, Entrepreneur/Owner, FB in 3 rd generation
R2	Prof. (FH) DDr. Mario Situm, MBA, Lecturer at University of Applied Sciences of Kufstein	R6	Dino Kada, CEO, Entrepreneur/Owner, FB in 6 th Generation
R3	Mag. Clemens Westreicher, Consultant	R7	Anonymous, CEO, FB in 2 nd generation
R4	Univ. Prof. Dr. Rudolf Wimmer, Consultant, Researcher, Lecturer at University of Witten/Herdecke	R8	Matthäus Bachernegg, CEO, Entrepreneur/Owner, FB in 2 nd generation
R9	Michael Pellny, Consultant, Lecturer at Zeppelin University, Friedrichshafen	R11	Anonymous, CEO, FB in 12 th generation
R10	Dr. Christina Schweiger, Consultant, Researcher, Lecturer at University of Applied Siences of Vienna	R12	DiplIng. (FH) Alexander Wallenko, CEO, Entrepreneur/Owner, FB in 2 nd generation
R13	Willi Tschernutter, Consultant	R14	Anonymous, CEO, Entrepreneur/Owner, FB in the 3 rd generation
R15	Mag. Dr. Hannes Piber, Consultant, Training, Coach	R16	Johann Steiner, CEO, Entrepreneur/Owner, FB in 1 st generation

Table 6: List of Experts (own presentation)

9.3 Quantitative Market Research

With the aim to investigate the practiced leadership styles in FBs in Styria, also a quantitative market research was conducted. Over the course of the quantitative research, telephone interviews with a standardized questionnaire were performed, which took about 10 minutes. The quantitative research was carried out by a market research agency in Graz, started at January 30th, 2018 and ended after four weeks on March 2nd, 2018. As criteria, the number of employees and the function within the FB of the target persons are defined. Therefore, 251 leaders of FBs with 7 to 20 employees, independent of generation or sector were asked. In order to receive 251

completed questionnaires, a list of 1,295 contacts of leaders of Styrian FBs were provided.

The detailed design and the description of the findings of the quantitative research can be found in the appendix (cf. Appendix p. A-24). Nevertheless, all results of the quantitative research feed into the interpretation and the adaption of the model and the tool.

10. Findings of the Qualitative Market Research

The following chapter presents the empirical research findings that are a result of interviews of 16 experts. The chapter is divided into categorised subchapters. All statements are based on statements made in the expert interviews and therefore will be treated anonymously. Consequently, indirect quotes are not cited, and the authors of direct quotes will remain anonymous in the following chapters. Furthermore, it must be mentioned that the findings are not representative, as this qualitative research is only based on the opinions of 16 experts and therefore it only gives tendencies and assumptions. For representative and significant results, a quantitative research with a higher number of both expert groups needs to be done.

10.1 General Data

This chapter covers general information about the respondents, such as gender, age distribution, field of activity and experience with leadership.

10.1.1 Gender

The following figure shows the gender distribution of all interview partners regarding the two defined expert groups. It must be mentioned that requests for interview appointments were sent to male and female persons in equal share. This means that there was no intention given to exclude female persons from any expert group.

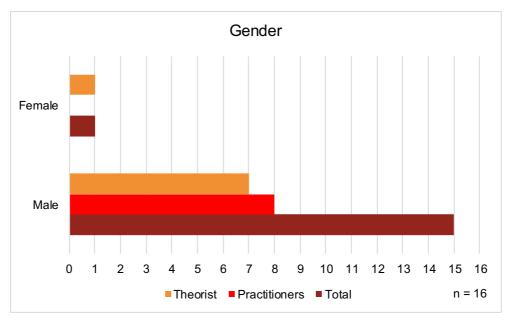


Figure 10: Gender Distribution of Experts (own presentation)

10.1.2 Age Groups

Figure 11 displays the age of the experts within the preselected age groups. In total, the average age is 45.6 years. However, it is interesting that the average age of the theorists is 52.9 years and of the practitioners 38.3 years. Therefore, the average age of the two groups of experts varies by about 14 years. This is essential, as it may lead to different viewpoints, understandings and attitudes towards the topic leadership.

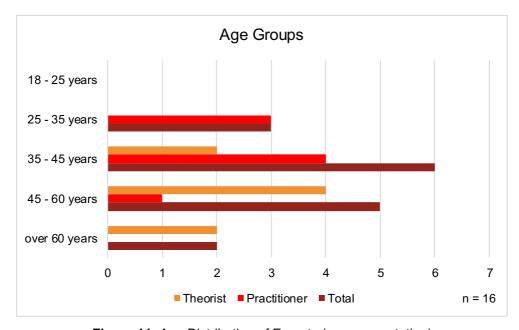


Figure 11: Age Distribution of Experts (own presentation)

10.1.3 Field of Activity and Leadership Experience

The fields of activity of all experts cover a huge range of various professions dealing with the topic leadership in FBs. The answers show that all interviewees provided a high level of know-how and a lot of experience in leading. The experts represent FB coaches and consultants from Austria, Germany and Switzerland, ranging from lecturers at universities in Germany and Austria to various owners and CEOs of Austrian FBs. One respondent is the CEO of a FB in the 12th generation, the oldest FB in the sample.

All interview partners affirmed to have practical leadership experience, as they either still have a leading position or were CEOs at their former working place. The practical leadership experience of all respondents reaches from the lowest value of three years to the peak value of 34 years. The average experience accounts for 17 years.

10.2 Understanding of Leadership

Within this chapter the respondent's answers and viewpoints regarding a definition of leadership in general and cooperative leadership are declared.

10.2.1 Understanding of Leadership in General

After stating the definition of leadership used within this thesis, the interview partners were asked to name their definition of leadership. The results are displayed in a word cloud, whereby the size of the words represents the frequency of their mentions – the greater the size, the more mentions.

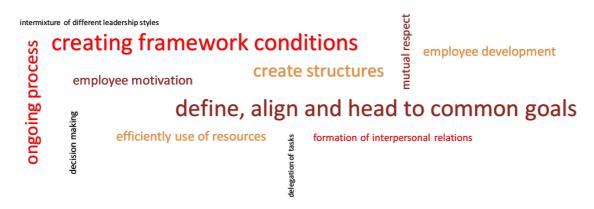


Figure 12: Definitions of Leadership (own presentation)

All experts affirmed that there are significant differences in leadership between FBs and non-FBs. The most often named term was *family*, whereby it was mentioned in different contexts. One expert stated that the entrepreneurial family is always in the background and therefore, the familiar and business culture is intermixing. Moreover, six interviewees mentioned the familiar behaviour and the deep personal knowledge between leading person and employees, which leads to high trust, stable social relationships, high loyalty, high transparency and familiar communication. Another term, which was mentioned by three experts, was *longevity*. On the one hand, the leading person stays longer in the business, which again leads to higher trust and on the other hand, the goals are set on a long term and cross-generational basis.

It can be observed that the general understanding of leadership by the experts already has a rather cooperative tendency. Furthermore, clear differences between leadership in FBs and non-FBs can be noticed, which leads to the assumption that leadership in FBs needs to be taken into special account.

10.2.2 Understanding of Cooperative Leadership

Figure 13 gives an overview of the stated definitions of cooperative leadership by the interview partners. The results are again displayed in a word cloud.



Figure 13: Definitions of Cooperative Leadership (own presentation)

The answers to the question whether the cooperative leadership style is more difficult to apply in FBs than in non-FBs were very different. As seen in the figure below, three of the theorists answered this question with yes and the rest and all practitioners denied it.

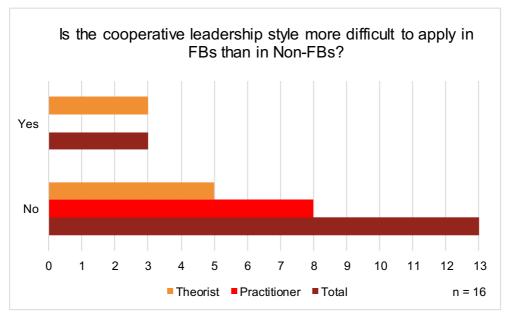


Figure 14: Difficulty of Cooperative Leadership in FBs (own presentation)

One of the explanations for a positive answer was that the process of building reliance on employees takes a longer time in FBs than in non-FBs and trust is essential for cooperative leadership. Another answer was that the different roles in the systems family and business can lead to difficulties in cooperative leadership, as it is not clear to whom the leading person is talking (e.g. son or employee) or which position the person talking currently holds (e.g. father or leading person). 10 out of 13 experts, who denied the question, mentioned that it is independent of the type of company but of the size of the company, the employees or the generation the FB is in. One respondent stated that "it is normal that employees of FBs are in a tighter cooperative relation to the leading person as they highly identify with the business" (Respondent 4 19.02.2018).

This leads to the assumption that the experts mainly define cooperative leadership on a personal level, which plays in FBs already a special and important role. Therefore, all practitioners are of the opinion that a cooperative leadership style is easier to perform in FBs than in non-FBs. Nevertheless, it must be mentioned that cooperative leadership also highly depends on the employees and therefore, it can be assumed that the selection of the right employees is essential for cooperative leadership.

10.3 Exogenous Factors Influencing Cooperative Leadership

The experts were asked to weight the mentioned exogenous factors based on their strength of influence on cooperative leadership. The results of the experts' rating can be found in the following tables, which are divided into the expert groups of theorists and practitioners. This separation aims at highlighting the differences and similarities of these two groups. Furthermore, the third table summarizes the ratings of the experts and shows the final rating. Hereby, it shall be highlighted that the ratings are based on a qualitative research and therefore, the results only show tendencies. In order to get a significant rating, a quantitative research should be done. For the ratings, an additional column was added within all three tables. Furthermore, the following formula was used by the author:

n = 8/P	Stren	gth of Infl	uence on C	Cooperativ	e Leaders	hip
Exogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Digitalization	3	4	-	1	-	9
Connectivity	-	5	1	2	-	3
Demography	3	1	-	4	-	3
Knowledge Culture	1	4	-	3	-	3
Work/Company	1	2	3	2	-	2
Globalization	-	4	1	3	-	1
Security	-	4	1	3	-	1
Human & Engine	1	1	3	3	-	0
Gender-Shift	-	-	4	4	-	-4
Urbanization	1	-	2	4	1	-4
Mobility	-	-	4	3	1	-5
Health	-	1	1	3	3	-8
Politics/Economy	-	-	2	4	2	-8

Table 7: Strength of Influence of Exogenous Factors on Cooperative Leadership according to Practitioners (own presentation)

The ranking based on the opinions of the practitioners shows the tendency that digitalization has the strongest influence on cooperative leadership. This exogenous influencing factor is followed by connectivity and demography, which were rated equally with three points. However, the difference to digitalization is quite high, as it accounts for six points.

n = 8/T	Stren	gth of Infl	uence on C	Cooperativ	e Leaders	hip
Exogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Demography	5	2	-	1	1	11
Digitalization	4	3	1	-	-	11
Globalization	4	1	2	1	-	8
Work/Company	4	1	2	1	-	8
Connectivity	-	6	1	1	-	5
Human & Engine	1	4	1	2	-	4
Mobility	1	2	4	1	-	3
Knowledge Culture	-	5	1	1	1	2
Gender-Shift	-	3	3	2	-	1
Politics/Economy	-	2	3	3	-	-1
Health	-	2	1	5	-	-3
Security	-	1	3	4	-	-3
Urbanization	-	1	2	5	-	-4

Table 8: Strength of Influence of Exogenous Factors on Cooperative Leadership according to Theorists (own presentation)

If the exogenous factors are ranked according to the opinions of the theorists, demography and digitalization are rated as strongest influencing factors on cooperative leadership with a quite high number of eleven points, which again only shows tendencies.

At first sight, the two expert groups tend to rate the factors in quite a similar way. Nevertheless, some differences can be observed. The most striking difference is the rating of the factor demography, as the theorists rated this factor remarkably higher than the practitioners. Furthermore, the factor connectivity is on second place within the ranking of the practitioners and only in fifth place within the theorists, whereby globalization is ranked remarkable higher by the theorists than by the practitioners. In general, it can be observed that within the rating of the practitioners digitalization is the only influencing factor, which stands out as all others are rated very similar and with small distances. These differences in the ranking of the exogenous factors of both expert groups may not only be related with their profession but also with the difference in age of the experts.

The following table shows the overall rating of both expert groups.

n = 16	Stren	gth of Infl	uence on C	Cooperativ	e Leaders	hip
Exogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Digitalization	7	7	1	1	-	20
Demography	8	3	-	5	-	14
Work/Company	5	3	5	3	-	10
Globalization	4	5	3	4	-	9
Connectivity	-	11	2	3	-	8
Knowledge Culture	1	9	1	4	1	5
Human & Engine	2	5	4	5	-	4
Mobility	1	2	8	4	1	-2
Security	-	5	4	7	-	-2
Gender-Shift	-	3	7	6	-	-3
Urbanization	1	1	4	9	1	-8
Politics/Economy	-	2	5	7	2	-9
Health	-	3	2	8	3	-11

Table 9: Strength of Influence of Exogenous Factors on Cooperative Leadership - total numbers (own presentation)

If the ratings of both expert groups are added, a tendency for the three most important exogenous influencing factors on cooperative leadership can be observed:

- 1. Digitalization
- 2. Demography
- 3. Work/Company

Hereby, it must be mentioned that the rating of work/company is very close to the fourth place of globalization. It can be assumed that digitalization and demography are the changes with which the FBs must deal most often at the moment. Furthermore, it can be observed that the selection of the most important exogenous influencing factors within the course of the theoretical section of this thesis can be verified with the experts. However, as this verification is only represented by a

qualitative research with 16 experts, this statement is not significant and only shows tendencies.

In order to verify or falsify the exogenous influencing factors and its specifications, which were chosen by the author, the experts were asked about these in more detail. These findings are displayed in the appendix (cf. Appendix p. A-47) but also feed into the interpretations and implications of this thesis.

10.4 Endogenous Factors Influencing Cooperative Leadership

The given endogenous factors had to be weighted by the experts according to their strength of influence on cooperative leadership. The results of the expert's rating were evaluated by the same procedure as used in the chapter 10.3 of this thesis.

n = 8/P	Strei	ngth of Infl	uence on (Cooperativ	e Leadersl	hip
Endogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Personality of Leading Person	5	1	1	-	1	9
Interrelation of Subsystems	2	2	3	-	1	4
Inertia by Employees	3	2	-	1	2	3
Succession Conflicts	3	1	1	-	3	1
Generational Conflicts	2	1	2	-	3	-1
Sibling Rivalry	1	3	1	-	3	-1
Nepotism	1	3	-	1	3	-2
Stressors triggered by an Individual	2	2	-	-	4	-2
Influence of Third Parties	1	-	2	3	2	-5
Conflicts regarding Partner Choice or In- Laws	-	2	1	2	3	-6
Gender Conflicts	-	2	2	-	4	-6
Inertia by Leading Person	-	1	1	4	2	-7

Table 10: Strength of Influence of Endogenous Factors on Cooperative Leadership according to Practitioners (own presentation)

The ratings of the practitioners show that the personality of the leading person constitutes the strongest influence on cooperative leadership, followed by interrelation of subsystems and inertia by employees. The results also show that the ratings done by the practitioners are rather low, as many of the influencing factors are in the negative field.

n = 8/T	Strei	ngth of Infl	uence on (Cooperativ	e Leadersl	hip
Endogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Personality of Leading Person	5	2	1	-	-	12
Nepotism	4	3	1	-	-	11
Generational Conflicts	3	4	1	-	-	10
Sibling Rivalry	2	6	-	-	-	10
Succession Conflicts	5	1	1	1	-	10
Conflicts regarding Partner Choice or In- Laws	2	3	2	1	-	6
Inertia by Employees	2	3	2	1	-	6
Interrelation of Subsystems	1	3	4	-	-	5
Stressors triggered by an Individual	2	2	2	1	1	3
Gender Conflicts	1	3	1	3	-	2
Inertia by Leading Person	-	3	4	1	-	2
Influence of Third Parties	1	1	2	3	1	-2

Table 11: Strength of Influence of Endogenous Factors on Cooperative Leadership according to Theorists (own presentation)

As can be observed, the theorists also rated the *personality of leaders* as the strongest influence on cooperative leadership, closely followed by nepotism and generational conflicts, sibling rivalry and succession conflicts. In comparison to the practitioners, the theorists rated the endogenous influencing factors rather high as only one factor is in the negative field. Furthermore, inertia by employees is only on seventh place when ranked by the theorists – in comparison, the practitioners view this as third important. The differences in the rating of the endogenous influencing factors between both expert groups may again be justified with the differences in

age and profession and the resulting differences in viewing the influencing factors on cooperative leadership.

The following table summarizes the ratings done by both expert groups.

n = 16	Strei	ngth of Infl	uence on (Cooperativ	e Leadersl	hip
Endogenous Factors	very strong	rather strong	neutral	rather not strong	not strong	Rating
Personality of Leading Person	10	3	2	-	1	21
Succession Conflicts	8	2	2	1	3	11
Generational Conflicts	5	5	3	-	3	9
Inertia by Employees	5	5	2	2	2	9
Interrelation of Subsystems	3	5	7	-	1	9
Nepotism	5	6	1	1	3	9
Sibling Rivalry	3	9	1	-	3	9
Stressors triggered by an Individual	4	4	2	1	5	1
Conflicts regarding Partner Choice or In- Laws	2	5	3	3	3	0
Gender Conflicts	1	5	3	3	4	-4
Inertia by Leading Person	-	4	5	5	2	-5
Influence of Third Parties	2	1	4	6	3	-7

Table 12: Strength of Influence of Endogenous Factors on Cooperative Leadership - total numbers (own presentation)

As the final table shows, the endogenous factor *personality of the leading person* is outstandingly rated as the strongest influencing factor on cooperative leadership by both expert groups. The total rating gives the following tendency of ranking of endogenous influencing factors:

- 1. Personality of Leading Person
- 2. Succession Conflicts
- 3. Generational Conflicts

It must be mentioned that the third place is not significantly stronger than the others, as four other endogenous influencing factors have the same amount of points within the rating, including interrelation of subsystems and inertia by employees, which were selected within the theoretical research to have a great influence on cooperative leadership. Additionally, it can be observed that the selection of the most important endogenous influencing factors within the course of the theoretical section of this thesis can be verified with the experts. However, as this verification is only represented by a qualitative research with 16 experts, this statement is not significant and only shows tendencies.

With the aim of verifying or falsifying the prior chosen endogenous influencing factors and its specifications, the experts were asked about these in more detail. These findings again can be found in the appendix (cf. Appendix p. A-51) but also feed into the interpretations and implications of this thesis.

10.5 Model of Cooperative Leadership in Family Businesses

To approve the created model of cooperative leadership in FBs and its applicability and suitability to visualize cooperative leadership in FBs and the challenges of this leadership style by considering the main exogenous and endogenous influencing factors, the model was shown to the experts and thereupon, they were asked several questions about the created model, like if they are aware that such a model existed. 14 experts stated that they have not seen such a model before. The majority of the experts were aware of the three-circle-model, but without the cooperative leadership and the influencing factors.

The following chapters deal with the suitability of the model to visualize and support cooperative leadership in FBs, its logical structure, its applicability, its limitations as well as with the established assumption about the social systems family and ownership being protective shields against the exogenous influencing factors.

10.5.1 Suitability to Visualize and Support Cooperative Leadership

According to the opinion of most of the experts, the model is suitable to visualize cooperative leadership in FBs and its influencing factors, as can be seen in the following figure. However, one expert, who denied this question, stated that "the

separate visualization of the leading person and the employees creates distance and an opposite feeling of cooperation" (Respondent 16 13.03.2018).

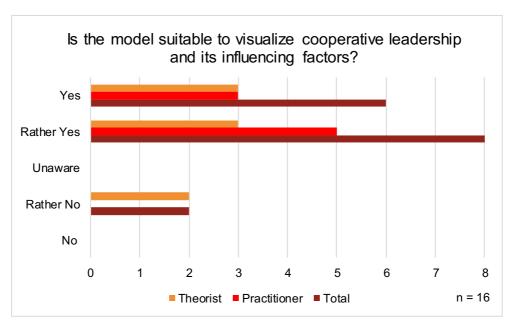


Figure 15: Suitability of the Model to visualize Cooperative Leadership in FBs (own presentation)

Twelve experts stated that the model is also suitable to support cooperative leadership in FBs. Hereby, one respondent said that "everything, which I can see and also show to my employees, is supportable. It also enables the employees to understand family and ownership structures, which have an influence on the business" (Respondent 12 03.03.2018). Nonetheless, the other four experts were either unaware or did not think that the model is suitable to support cooperative leadership. According to these experts the model is too overloaded due to the different arrows and therefore, it may overstress leaders of FBs.

10.5.2 Logical Structure of the Model

As table 13 shows, most experts agreed that the model of cooperative leadership is logically structured. One interviewee hereby stated: "On the one hand, the model demonstrates how leadership is practically constructed and on the other hand, it shows how the relevant factors influence cooperative leadership and also how this interact with each other" (Respondent 4 19.02.2018). However, the model was rated as not logical by one expert, with the explanation that the specification of the arrows is missing and that it is very overloaded.

n = 16		Is this mod	el logically co	onstructed?	
	very logical	rather logical	unaware	rather not logical	not logical
Theorist	5	2	-	1	-
Practitioner	6	2	-	-	-
Total	11	4	-	1	-

Table 13: Logical Structure of the Model (own presentation)

10.5.3 Applicability of the Model

The respondents were asked to rate the applicability of the created model on a scale from one to five. As further statement why the model is not useful it was mentioned that leaders might not use it as they will not be able to reflect their leadership with the help of this model or they even do not care about it.

n = 16	How o	lo you rate	the applicabil	ity of the m	odel?
	very useful	rather useful	unaware	not useful	not useful at all
Theorist	-	5	1	1	1
Practitioner	2	5	1	-	-
Total	2	10	2	1	1

Table 14: Applicability of the Model (own presentation)

10.5.4 Limitations of the Model

The experts were further asked about the limitations of the model and most stated that the social system ownership is displayed without any arrows and therefore, characterized as it has no influence at all on cooperative leadership in FBs. However, according to the opinion of the experts, the advisory boards in FBs, foundations or external owners also play an essential role and therefore, also need to be taken into consideration. Additionally, the cooperative ownership between two or more family members and consequently, the transition from a one-person-business to a multi-person-business is also not regarded within this model. Finally, it was mentioned that the arrows do represent the influencing factors, but as these

are not named it is difficult to understand the influences and effects on cooperative leadership.

10.5.5 Protective Shields against Exogenous Influencing Factors

Within the theoretical part of this thesis the assumption was created that the social systems family and ownership can work as protective shields by compressing the exogenous influencing factors. The experts were separately asked about the social system family and ownership, however, as the content of the answers were the same, it is displayed in one figure.

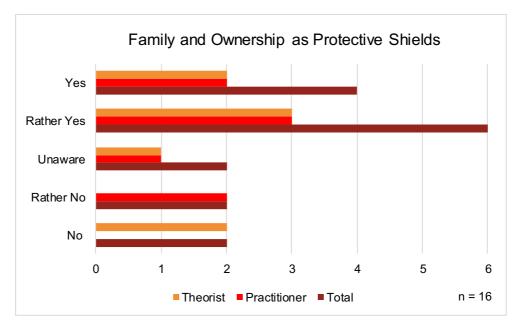


Figure 16: Family and Ownership as Protective Shields against Exogenous Influencing Factors (own presentation)

As it can be observed in the figure above, the social systems family and ownership can indeed work as protective shields against exogenous influencing factors and therefore, compress their influence on cooperative leadership. However, as this was only evaluated with a qualitative research, it is only a tendency and no significant statement can be made.

One respondent, who confirmed this assumption, stated that "family members or owners need to have great know-how and experience about the FBs and the industry" (Respondent 14 09.03.2018). Another interviewee admitted that "if the family and ownership structures perform well, are very harmonic, the bigger the family or ownership circle and the more separated these are with the company, the better it is when dealing with exogenous influencing factors" (Respondent 5

21.02.2018). Another factor, which was mentioned several times by the experts, was communication between the family members or owners to minimize the fear towards these exogenous factors. Additionally, clear role awareness, role flexibility and clearly defined responsibilities have been mentioned as factors, which strengthen these protective shields.

The experts, who denied this assumption of the protective shields, mainly stated that it is difficult as every employee is individual and brings its own experiences and impressions in the company and therefore, is also characterized by exogenous factors. Furthermore, one expert stated that "if the family and owners shield the business from everything from outside, it would be impossible for the business to grow" (Respondent 12 03.03.2018).

10.6 Tool for Leading Persons in Family Businesses

With the aim to approve the suitability of the tool to build awareness for the applied leadership style and to give recommendations on how to overcome the challenges of cooperative leadership, the theoretical structure of this tool was presented to the sixteen experts. Again, the experts were first asked whether they are aware of such a tool for leaders in FBs. As the following figure shows, eleven experts in total are not aware of such a tool, three are unsure and only two stated that they have seen such a tool before. One of the experts, who confirmed to know such a tool, named the tool DOODs. Based on research by the author of this thesis, it can be said that this tool aims at increasing the performance of a company by getting to know the employees better and therefore better and more individually support them. Another interviewee, who answered this question with rather yes, stated to not know the exact name of this tool, but to be aware of a questionnaire, which questions on the one hand the business sphere and on the other hand the family sphere. As no exact name was given, no further information is available about this questionnaire.

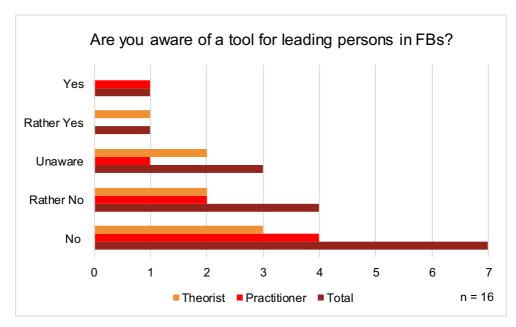


Figure 17: Awareness of Existence of a Tool for Leading Persons in FBs (own presentation)

In addition, the experts were asked about their opinion on the applicability of the tool to build awareness for the applied leadership style and to support cooperative leadership in FBs and about the possible limitations of such a tool. Furthermore, the experts were asked, whether they would personally use this tool. The following chapters cover the answers of the experts to these questions.

10.6.1 Applicability to Build Awareness and to Support Leading Persons

Figure 18 displays that most experts think that the tool is suitable to build awareness for the leaders of their applied leadership style. Hereby, most interviewees stated that it strongly depends on the interest and the self-reflexion of the leaders and consequently, on the openness towards such tools. One interviewee added: "You can drag the horse to the water, but you cannot force it to drink" (Respondent 3 13.02.2018).

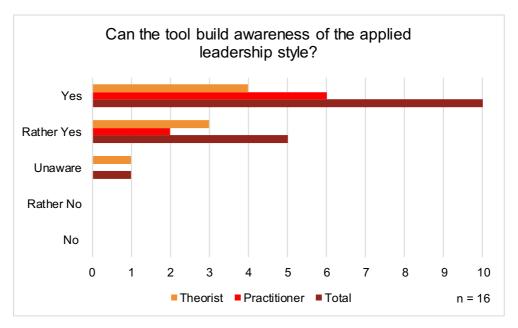


Figure 18: Applicability of the Tool to Build Awareness of the Leadership Style (own presentation)

The results on the question, whether the tool is able to support cooperative leadership were the same as to the prior mentioned question. Hereby, the change of generations was mentioned several times. One respondent declared: "I definitely think that this tool might be helpful for young leaders of FBs to live a more cooperative leadership style with employees and family members" (Respondent 3 13.02.2018).

10.6.2 Limitations of the Tool

As limitations of the tool, several experts stated that it can only work, if the underlying database is comprehensive. Furthermore, one respondent highlighted that "the results of this tool need to be critically reflected by the leading person, as it only gives recommendations" (Respondent 1 12.02.2018). Another expert stated that "leadership is a very sensible topic, therefore, it should not be too abstract in order to guarantee easy usability" (Respondent 14 09.03.2018). "Without the help of experts, of consulters the implementation of the recommendation could be very challenging", respondent 10 (01.03.2018) mentioned. Finally, the leadership style questionnaire was put into question. Hereby, one expert said: "I am not sure if such leadership style questionnaires cover the person as a whole, which would definitely be necessary" (Respondent 13 07.03.2018).

10.6.3 Applicability of the Tool

As can be seen in the following figure, most respondents would personally consult this tool as they are curious about it. Furthermore, most of the theorists stated that they would even recommend it to their clients. The theorist who denied this question with rather no believed "leaders of FBs do not consult such tools on its own initiative" (Respondent 4 19.02.2018).

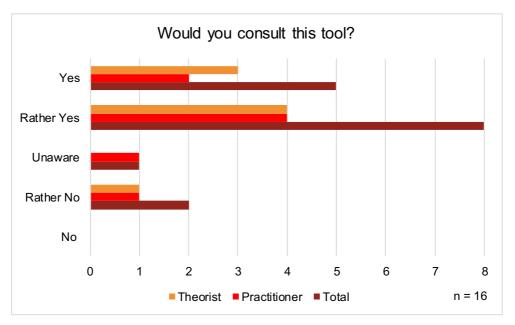


Figure 19: Applicability of the Tool (own presentation)

11. Interpretation and Implication of the Qualitative and Quantitative Research Results

This chapter interprets the key findings from the conducted qualitative and quantitative research based on the theoretical part of this thesis and is again divided into categorised subchapters.

11.1 Leadership

Within this chapter the findings regarding leadership in general, cooperative leadership and leadership styles are interpreted.

11.1.1 General Definition of Leadership

The general definitions named by the experts show that leadership is mainly already seen as very cooperative, whereby the leaders within the quantitative survey mainly understood it as control and influence, which likely stands for an authoritarian leadership style. It can be observed that the definition of leadership changes over time. This has already been observed within the theoretical research and was now verified with the qualitative and quantitative research, as the understanding of leadership in general clearly varies between the different age groups. Therefore, the age of the leading person needs to be considered as endogenous influencing factor within the model of cooperative leadership. Furthermore, the understanding of leadership also correlates with the ownership structure, which implicates that a cooperative leadership is harder to apply within sole ownership than within leading in cooperation. Consequently, the adapted model needs to separately consider sole ownership and shared ownership.

11.1.2 Definition of Cooperative Leadership

The answers about the definition of cooperative leadership of both research approaches show that hereby the personal level is very important, as mutual respect, trust and acceptance was mentioned the most. It can be said that the business takes a backseat and the interpersonal relations increasingly come to the forefront. This was also the most frequently mentioned difference in leadership between FBs and non-FBs after the system family. As in FBs, the interpersonal relations not only between the family members but also between the employees and

the leaders are of high importance, the conclusion can be made that cooperative leadership can be easier applied in FBs than in non-FBs. Whereby, within the qualitative research the cooperative leadership style is understood as common decision-makings between leading person and employees, the leaders asked within the quantitative research mainly define cooperative leadership also with clear hierarchical structures and decision guidelines. This leads to the assumption that within FBs, cooperative leadership is rather understood as a direct-cooperative leadership style.

11.1.3 Leadership Styles

The quantitative research shows that according to the definition of leadership styles by Lewin, most reviewed leaders lead cooperatively. Furthermore, they believe that cooperative leadership helps to overcome the challenges of a changing market. However, within the further analysis of single statements regarding the leadership style it can be observed that instead of a cooperative a rather direct-cooperative leadership style is implied. This can also be verified by the experts, who mostly stated that in some situations leadership needs to be done in an authoritarian way in order to come to a decision. This leads to the conclusion that a clear cooperative leadership is hard to realize, as still only 24.3% leaders in Styrian FBs apply this leadership style.

11.2 Influencing Factors on Cooperative Leadership in Family Businesses

This chapter deals with the interpretation of the results regarding the exogenous and endogenous influencing factors.

11.2.1 Exogenous Influencing Factors

The theoretical research has shown that the most important exogenous factors influencing cooperative leadership in FBs are demography, digitalization and work/company. This selection was confirmed by the experts. The further rating of the exogenous factors done by the experts slightly differs from the theoretical rating. However, it must be stated that the rating of the exogenous influencing factors was very challenging for the experts, as they were of the opinion that almost all of these factors are interconnected with each other and therefore a clear separation can

hardly be made. Consequently, it can be said that leaders of FBs need to be aware of all exogenous influencing factors within their leadership style. Furthermore, it can be stated that a cooperative leadership style best helps to cope with these influencing factors. The rating done by the experts feeds into the weighting of the exogenous influencing factors within the adapted model.

Furthermore, the challenges of cooperative leadership, namely multigenerational workforce, the increased wish for more flexibility at work and the increase in written communication, defined within the theoretical research, have also been verified within both researches. Interesting is the fact that most of the interviewees indicated that they already experience these exogenous factors within their business. However, it must be mentioned that the opinions of the group of practitioners about the challenge of a multigenerational workforce is divided. This may lead to the assumption that within FBs, a multigenerational workforce is a given fact or can be handled easier as this phenomenon is already given due to the cooperation of different generations within the family.

With reference to the wish for more flexibility at work by the Generation Z, it can be observed that although most of the leaders do not experience this phenomenon at their company, they are, like the experts, very clearly of the opinion that it constitutes a challenge for cooperative leadership. This may lead to the assumption that within FBs the values are clearly communicated and therefore, the wish for flexible working arrangements does not appear and that within FBs cooperative leadership is understood to only function if the team also works physically together.

Furthermore, the clear statement of the experts and the leaders of FBs with reference to digital communication allows to draw the conclusion that within FBs the verbal and personal communication is still of high importance and seen as essential for cooperation. As in FBs especially the interpersonal relationship plays an important role, the digital communication is observed negatively by the respondents. Nevertheless, the quantitative research has shown that the increased written communication is seen less as a challenge than it is experienced, as the use of digital communication might also be an advantage for cooperative leadership - it might speed-up the cooperative decision-making processes.

The findings regarding the challenges of cooperative leadership by exogenous factors directly feed into the tool for leaders, more specifically into the recommendations for coping with these challenges.

11.2.2 Endogenous Influencing Factors

Within the theoretical part of this thesis, the following endogenous influencing factors were selected: the personality of the leading person, the inertia by employees and the interrelation of the social systems. The research has shown that the by far most important endogenous factor influencing cooperative leadership is the personality of the leading person, followed by the succession conflicts. It is also interesting that other endogenous factors, like generational conflicts, inertia, nepotism, sibling rivalry and the interrelation of the social systems were all rated equally by the sixteen experts. Consequently, within cooperative leadership these influencing factors also need to be considered. The rating will again represent the weighting of these factors within the adapted model.

When asked in more detail about the endogenous influencing factors and its challenges, the selection was confirmed within both researches. It was significantly shown that the personality of the patriarch has a strong influence on cooperative leadership. However, the answers of the experts lead to the assumption that the understanding of cooperative leadership also varies between the experts. It can be assumed that some experts interpret a cooperative leadership in a way that still someone needs to take responsibility and make the decisions and therefore, rather understand a direct-cooperative leadership style.

Furthermore, especially the inertia by employees was seen as a challenge for cooperative leadership by the expert group of practitioners and also by 174 leaders of FBs, which leads to the assumption that inertia or resistance by employees needs to be dissolved with communication, otherwise cooperative leadership cannot occur, as it requires the interrelation between employees and leaders.

With reference to the influence of family members, it must be stated that the expert group of theorists are mainly of the opinion that family members are only occasionally integrated in the decision-making processes, whereby most practitioners and leaders of Styrian FBs stated often and always. Hereby, it also

must be mentioned that most of the family members, who do not hold shares but are taken into account in decisions, are actively working within the FB. This leads to the assumption that family members are preferred to employees and that decisions might be made at home at the family table instead of the company. Additionally, as the spouse is the main person who is involved in decisions of the sole owners, they exert main influence and may hamper the cooperative leadership style due to subjective opinions. Moreover, as leaders, who share their ownership with family members, also mainly include these persons, it can be assumed that hereby, cooperation also mainly occurs between the owners instead of leaders and employees, which highlights the leading in cooperation at the horizontal level.

These findings again directly feed into the recommendations within the tool for leaders.

11.3 Model of Cooperative Leadership in Family Businesses

The experts stated that to their knowledge no model of cooperative leadership in FBs existed that displays the cooperative leadership and its exogenous and endogenous influencing factors and appreciated the creation of such a model. Consequently, the experts stated that this model could support cooperative leadership. Moreover, the model could build awareness and therefore broaden one's mind by visualizing the interconnections, interdependencies and influencing effects from the outside and within the FBs. Therefore, it can be stated that the created model is able to visualize cooperative leadership in FBs and its influencing factors. With reference to the protective shield of the social systems family and ownership against exogenous influencing factors it can be mentioned that the more experienced and educated people are within these social systems, the better it can work, whereby a clear allocation of roles and responsibilities is essential. In FBs, the values and traditions especially foster such a protective shield. However, it is still important to not ignore important changes or influencing factors and to not make essential decisions without employees in order to guarantee development of the whole company. Based on the opinions of the experts, the initial state of the model needs to be adapted, which will be covered in chapter 12. Furthermore, it must be stated that within the quantitative survey it was found out that most of the leaders in FBs are either unaware or would not consult a model of cooperative leadership in FBs. The reason behind this could be the fact that these respondents have not seen the created model and therefore, could hardly imagine such a model.

11.4 Tool for Leading Persons in Family Businesses

The majority of the experts did not know a tool, which supports leaders to build awareness of their applied leadership style and consequently, gives recommendations how to apply cooperative leadership by considering the exogenous and endogenous influencing factors. Furthermore, this tool can lend support for building awareness of the applied leadership style and the challenges of cooperative leadership and therefore, enables leaders to broaden their minds and work towards cooperative leadership. Additionally, in contrast to the respondents of the telephone survey, the experts were excited and interested in applying such a tool. The reason behind this may be that the experts were asked this question after discussing the applicability and suitability of the tool to support leading persons, whereas the leaders asked within the quantitative research only had this one question about the concept of the tool.

12. Adaption of the Model based on Market Research

Based on the findings from the empirical part of the study, the model of cooperative leadership in FBs is adjusted.

As initial model, the three-circle model is chosen, which consists of three different social systems - namely family, business and ownership. Within the social system business cooperative leadership takes place, as it involves the family-internal and family-external employees and the leading person, who can also be family-internal or family-external. As the cooperative leadership style is essential within this model, it is highlighted with a different colour. In comparison to the initial model of cooperative leadership, the figures demonstrating the employees and the leading person are left out within the adapted model, as it represents a hierarchical structure.

Furthermore, within the model the influencing factors are named. Based on the opinion of the experts, the endogenous influencing factors within the social system ownership are missing, as external owners might also have an influence on the cooperative leadership style. Consequently, the definition of the leading person is also broadened in comparison to the initial model as the leader can also be someone outside of the family.

Based on the findings, a rating of the influencing factors is given. The main influencing factors are highlighted in red and the other influencing factors differ in their size according to the rating of their strength of influence on cooperative leadership in FBs.

Furthermore, the protective shield of the social systems family and ownership was verified within the qualitative research and therefore it is indicated stronger within the adapted model of cooperative leadership.

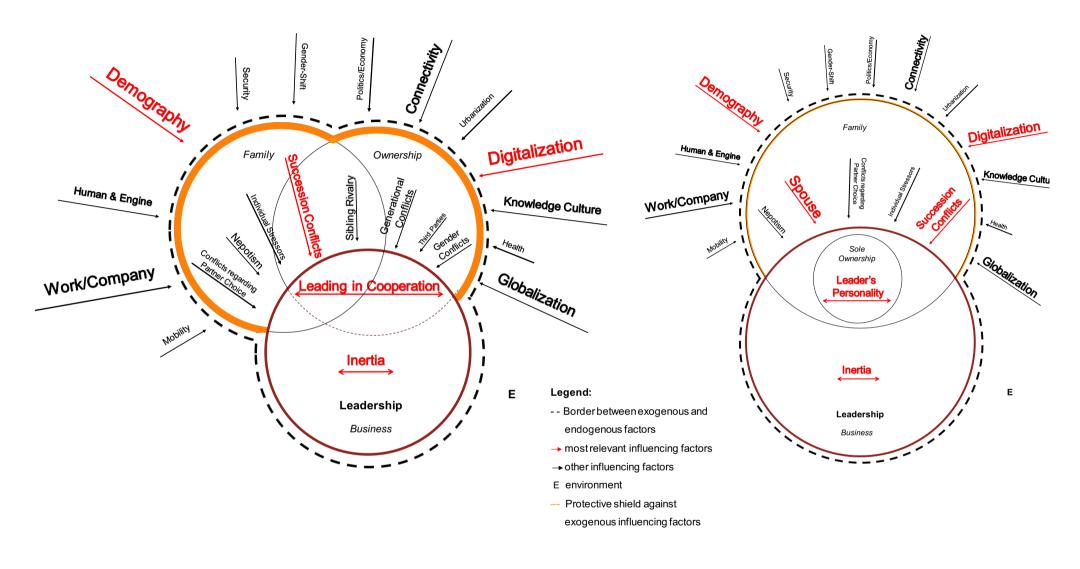


Figure 20: Adapted Model of Cooperative Leadership in FBs (own presentation)

Figure 20 displays the model of cooperative leadership with different ownership structures. As observed in the quantitative research, 159 out of 251 leaders are sole owners of the FBs and therefore, the right illustration shows the social system ownership within the intersection of business and family. Consequently, the endogenous influencing factors generational conflicts, sibling rivalry, gender conflicts and influence of third parties do not have any importance anymore and are therefore left out. However, as observed in the research, the influence and involvement of the spouse in decision-makings gains importance and therefore these influencing factors are increased in size. Furthermore, the protective shield of the social systems family and ownership is weaker, which is visualized by a thinner line.

Within the left illustration, the social system ownership also goes further into the social system family, as observed within the quantitative research, if ownership is shared, it is mainly shared with other family members. Hereby, it must be mentioned that leading in cooperation is performed as the persons, who also hold shares of the company, share the process of decision-makings. Therefore, the influencing factor of leader's personality changes to leading in cooperation and the influence of other family members decreases and is therefore, left out. Nevertheless, the protective shield is hereby stronger due to the increased number of persons in ownership, which is displayed by a thicker line.

The illustrated model of cooperative leadership is only a depiction of the possible ownership structures. To design it interactively, the size of the social systems can change according to the number of individuals within the social systems. Consequently, the factors influencing cooperative leadership as well as the strength of the protective shield changes.

Based on the results of the qualitative research, the adapted model of cooperative leadership in FBs also provides answers to the previously raised questions in chapter 7.2. These answers can be found in the appendix (cf. Appendix p. A-56).

13. Adaption of the Tool based on Market Research

With the aim to support leaders to build awareness of their current leadership style and to give recommendations how to apply a cooperative leadership style by considering the challenges of the exogenous and endogenous influencing factors, a tool for leaders in FBs was developed based on the theoretical and empirical findings. The focus is set on the cooperative leadership style, as observed over the course of the theoretical and practical research, this leadership style best overcomes the challenges of a changing market.

In order to find out the currently applied leadership style, a questionnaire was adapted and translated from English to German by a psychologist. The reason for the translation is to avoid legal issues and to make it understandable for the target group of this tool, which are leaders of FBs in Styria. However, it must be indicated that this questionnaire only gives tendencies for the current applied leadership style, as it is unsure, how reliable and accurate this evaluation is, due to missing criteria for test quality (cf. Duque R. 11.04.2018). The used questionnaire can be found in the appendix (cf. Appendix p. A-59). The initial questionnaire of Hogrefe (2015) is not used due to the opinions of the experts, different sources and especially because it is too long for a practical tool. When the twelve questions of the questionnaire are done, the leading person gets a point value, which is assigned to one of the three main leadership styles according to Lewin - authoritarian, cooperative or Laissez-Faire. After the tendency for a leadership style is determined, the leading person receives the following question: "If you want to receive recommendations for a cooperative leadership style, please click yes." After clicking yes, the leading person gets suggestions according to his/her actual leadership style, which reflect proposals in the field of behaviour and influencing factors. These recommendations can be found in the appendix (cf. Appendix p. A-62).

The tool could be integrated into a website, where the leaders can easily start the questionnaire to find out the currently applied leadership style. However, it was not the objective to develop a technical model, as the IT skills required would be beyond the scope of this thesis. Consequently, the following figure only displays a beta version, programmed in Excel.

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Figure 21: Illustration of Programmed Tool in Excel (own presentation)

14. Answers to Research Questions

This chapter comes back to the initial research questions.

Is it possible to picture the challenges of the main exogenous and endogenous factors on cooperative leadership? And to what degree can these challenges be comparatively visualized?

The model of cooperative leadership can visualize cooperative leadership in FBs by highlighting the social system business in the three-circle-model, as here leadership takes place. Furthermore, the model can illustrate the challenges of the exogenous and endogenous influencing factors on cooperative leadership by using arrows. It is not certain, however, whether the model displays the effects of the challenges of the influencing factors on cooperative leadership. It can be assumed that the individual influencing factors lead to certain consequences, but there are no clear specifications about the challenges for cooperative leadership, despite that the different colours of the arrows display the different strength of influence on cooperative leadership.

Is it possible to support cooperative leadership by a suitable tool? And to what degree can the current leadership be differentiated from a future cooperative leadership by means of the tool?

The tool is indeed able to support cooperative leadership, as on the one hand, it builds awareness of the applied leadership style of the leading person and on the other hand, it broadens one's eye about the influencing factors on the cooperative leadership style. Based on the use of a questionnaire, which determines the current leadership style of a leading person, and the theoretical and empirical findings about cooperative leadership, a clear differentiation to a future cooperative leadership style can be made. Additionally, the theoretical and empirical findings about the challenges of the exogenous and endogenous influencing factors and the recommendations how to overcome these challenges given by the experts supports to reach a cooperative leadership style.

15. Hypotheses Testing

This chapter tests the stated hypotheses.

H1: The created cooperative leadership model is suited to visualize the challenges of this leadership style considering the influencing factors.

This hypothesis was validated by 14 of the 16 experts, as the model displays the challenges arising by influencing factors by using arrows.

H2: The created tool is suited to support leaders by building awareness of the factors influencing cooperative leadership.

This hypothesis was validated by 15 of the 16 experts, as the tool shows, which influencing factors need to be considered in order to reach a desired cooperative leadership style. Furthermore, the tool also builds awareness and broadens the eyes of the leaders regarding their applied leadership style.

H3: Cooperative leadership is the best response to challenges of FBs.

With an accuracy of 98.9%, this hypothesis was validated, since 81.7% of the respondents within the quantitative research stated that cooperative leadership can best cope with the challenges of a changing market.

H4: The subsystems family and ownership are protective shields and therefore, absorb the exogenous influencing factors.

This hypothesis was validated, as 10 out of 16 experts agreed that family and owners can work as protective shields against exogenous factors influencing cooperative leadership.

H5: Patriarchal leadership is more often used than cooperative leadership in FBs.

This hypothesis could not be validated, as with an accuracy of 98.8% it was found out that only 13.1% of the Styrian leaders in FBs stated to have an authoritarian (patriarchal) leadership style.

16. Recommendations

The recommendations are split into suggestions for the adapted model and proposals for further research. The recommendations of the tool can be found in the appendix (cf. Appendix p. A-62).

16.1 Recommendations for the Adapted Model of Cooperative Leadership

Over the course of this thesis a model of cooperative leadership in FBs was created. This model was on the one hand created for shared ownership and on the other hand for sole ownership. Consequently, separate recommendations are given for the different ownership structures visualized in the model. Nevertheless, to visualize and build awareness for the ownership structure, it is recommended to start with the allocation of roles within the three social systems. This helps to get a clear understanding of who is involved in the process of leadership and to get a clear structure of who influences the social system business from the social systems ownership and family. Furthermore, this clear structure also helps to get an awareness of who and what may work as protective shield for the business.

For the shared ownership, it is recommended to apply this model together with the partner, with whom leadership is shared. In a next step, it is advised to build awareness that there are exogenous and endogenous factors, which influences leadership in the own FB. It is recommended to increasingly concentrate on the exogenous factors of digitalization and demography, as these constitute the strongest influence on leadership. Moreover, it is essential to be aware that conflicts between the leaders as well as conflicts regarding the process of succession have a strong impact on cooperative leadership. Additionally, it is advised to be aware of the fact that leading in cooperation may hamper cooperative leadership, as decisions are mainly made within the team of leaders instead of involving the employees. It is also highly recommended to be aware of the family members' and owners' function as protective shield against exogenous influencing factors. The more people, who have profound know-how about the business and the industry, the better the function of the protective shield. Furthermore, it is suggested to be

aware of the strong influence of inertia by the employees, as this resistance may have an increasingly negative impact on cooperative leadership.

If the ownership lies within one person, conflicts within the ownership circle do not exist, but it is recommended to be aware that the spouse might exert strong influence on the decision-making processes and therefore, may hamper cooperative leadership. Additionally, the leader's personality of a patriarch has an essential influence on cooperative leadership, as decisions and responsibilities lie within the single person. It is also suggested to set the focus on the inertia by employees, as cooperative leadership can hardly be applied with this resistance against change. Moreover, within sole ownership it is also suggested to be aware of the process of succession, its resulting changes and possible influences on cooperative leadership. It is also highly proposed to be aware that within sole ownership the function of the protective shield is decreased. Therefore, exogenous factors may have an increased influence on the business, especially the factors digitalization, and demography.

16.2 Recommendations for Further Research

This thesis provides a rating of exogenous and endogenous influencing factors. However, the qualitative research only gives tendencies and therefore, is not representative. Consequently, a quantitative study should be used to delve deeper into the relevance and strength of the influencing factors and their effects and consequences on cooperative leadership. Especially further research is suggested in the field of inertia referred to cooperative leadership.

With reference to the model of cooperative leadership, the author recommends testing the adapted model empirically to get more insights into the relevant influencing factors. Moreover, such an analysis would also serve to determine the practical applicability of the model. It is suggested that this analysis is conducted in different FB generations and with different ownership structures in order to allow further investigations into differences in FBs regarding understanding of cooperative leadership. Additionally, the protective shield of the social systems ownership and family needs to be inquired within a quantitative research. Furthermore, it is recommended to interactively develop the model of cooperative leadership to display the actual sizes of the social systems ownership, business and family of

every individual FB. These steps could probably be inquired within a master's or bachelor's thesis.

The developed tool is a technical advancement of the model and is still in an early phase of development and therefore, needs additional amendments and empirical testing. Especially, the effects and recommendations for the influencing factors need to be empirically enquired, as currently the tool only represents the main influencing factors, their consequences and possible solutions based on qualitative research. Furthermore, the author suggests conducting the technical implementation of the tool with an IT-company, which costs approximately 1,500 euros (cf. Schmidhofer 12.04.2018).

17. Conclusion

The main aims of this master thesis were to develop a model of cooperative leadership in FBs that could visualize the challenges of the cooperative leadership style and to create a tool that supports leaders in FBs to build awareness of their applied leadership style and to give recommendations for a cooperative leadership style by considering the influencing factors. The focus of this thesis was set on cooperative leadership, as shown within the theoretical and practical research, this leadership style best overcomes the challenges of a changing market. Nevertheless, the practical research showed that still only 24.3% of leaders in Styrian FBs apply the cooperative leadership style.

For the purpose of this thesis, a theoretical research was conducted in order to identify which factors have an influence on cooperative leadership in FBs. It was found that this leadership style is affected by exogenous and endogenous influencing factors. Exogenous influencing factors involve all megatrends, whereby the strongest influence exert demography and digitalization. The endogenous influencing factors imply all factors that arise within the three social systems of family, business and ownership and here the focus was set on the three strongest factors of personality of a patriarch, inertia by employees and interrelation of social systems. In theory, the assumption was made that the social systems family and ownership can act as a protective shield against the exogenous influencing factors for the social system business, where the cooperative leadership takes place. This protective shield may work through comprehensive communication, extensive know-how and experience of acting people within these social systems. This assumption could be verified within the qualitative research, as 10 out of 16 experts confirmed this assumption.

The adapted model of cooperative leadership in FBs consists of the three aforementioned social systems, the visualization and weighting of the exogenous and endogenous influencing factors on cooperative leadership and the protective shield. As within the quantitative research it was determined that 63% of the respondents are sole owners and 37% share their ownership, there exists a model for both types of ownership structure. The model of shared ownership includes the leading in cooperation and the endogenous influencing factors considering conflicts

within the ownership. On the contrary, the model of sole ownership highlights the personality of the leading person and the spouse as main endogenous influencing factor on cooperative leadership. The main aim of the created model is to build awareness of the importance and role of the influencing factors on the cooperative leadership style.

In addition to the model, a tool that supports leaders in FBs was created. This Excelprogrammed tool gives leaders the opportunity to find out their actual leadership style and additionally, the chance to receive recommendations for a cooperative leadership style by considering the main influencing factors. This tool is a selection process of the leadership styles and if the leading person has a cooperative leadership style or want to achieve a cooperative leadership style, he/she can further consult the created model of cooperative leadership in order to get awareness of further influencing factors.

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1. Further Details to Subsystems of Family Businesses

This chapter deals in detail with the three subsystems family, ownership and business of FBs.

1.1 Family

The term family can have many different definitions (cf. Klein 2004, p. 10). A nuclear family consists of a mother, a father and their children, whereas adult children might belong to a family even upon leaving the shared household or in time of their parent's death (cf. Klein 2004, p. 58). Moreover, a family is seen as a social institution with its own characteristics and specific member functions which are: reproduction, socialization, education and regeneration (cf. Klein 2004, p. 56; Pieper/Pieper 1975, p. 12). Furthermore, belonging to a family does not need to be justified - it is based on fate and given by birth, marriage or adaption (cf. Von Schlippe 2014, p. 28f.).

According to the three-circle model, the subsystem family is seen as a social system that adheres to a special communication process to empower an inside-outside differentiation (cf. Simon 2012, p. 14). Furthermore, the model focuses on the common rules, values, structures and norms of families (cf. Gersick et al. 1997, p. 5). Moreover, the subsystem family plays a central role within the understanding of FBs, as the origin of most conflicts and challenges lies within this dimension (cf. Rüsen 2017, p. 10). Due to the overlap with the ownership and business circle, the term *family* is redefined as *business family*. The business family must take into consideration the effects of all decisions on the firm as well as the needs of the business (cf. Simon 2012, p. 41). Therefore, paradoxical actions result for members of FBs, as a differentiation between objective-economic and emotional-personal activity orientation needs to be drawn (cf. Rüsen 2011, p. 46).

1.2 Ownership

There are many different views on ownership, which range from a personal, psychological to a social perspective (cf. Dirks/Kostova/Pierce 2001, p. 305). Ownership can also imply a jurisdictional approach and can be defined as the rights to the possession of a particular object (cf. Rautiainen 2012, p. 22). However,

ownership is not an object itself, but rather refers to the relation between the business family as an owner and the business. This relation can be variedly arranged based on the owner and business structure as well as the ratio between both structures. Within this relation, duties and rights are inseparably connected (cf. Klein 2004, p. 106). Moreover, the owner can perform the following diverse roles:

- majority and minority owner (more or less than half of the share of the business),
- voting and non-voting owner (control over business even if shares are moved to others),
- general and limited partners (liability for the equity that a partner provides) (cf. Aronoff/Ward 2011, p. 8f.).

Furthermore, the FB can be owned by family-internal or external persons. The business can be owned by an entire family or the family has a majority share, by non-family employees or by non-family owners, like private persons, financial or strategic investors or public institutions (cf. Felden/Hack 2014, p. 145 - 148).

In addition, it can be defined that the focus of the subsystem ownership does not lie on the persons, but on the efficient use of the deployed resources. The communication and interaction are rather juridical and clearly differentiate from family rules (cf. Von Schlippe 2014, p. 31).

This master thesis interprets an owner as someone who is liable with their private assets or who supplies the FB with equity and whose focus is set on the family-internal ownership.

1.3 Business

Within the three-circle model, the subsystem business refers to economic principles (cf. Von Schlippe/Nischak/El Hachimi 2011, p. 23). It includes the organizational structures and processes, the employees as well as the market presence and aims at achieving economic success (cf. Felden/Hack 2014, p. 16). The communication within the subsystem business is based on decisions. A single person is not the focus of attention, but instead the fulfilling objective function for the business receives focus (cf. Von Schlippe 2014, p. 30). Furthermore, it can be stated that employees are principally interchangeable, as the focus is set on the completion of

duties and functions (cf. Simon 2012, p. 33). In contrast to the subsystem family, belonging to the business does not happen by fate, but is a conscious and mutual decision (cf. Simon 2012, p. 34).

The main difference of FBs from non-FBs is constituted by the situation in which the major owner also holds a managerial position within the business. As a result, the decision-making competency as well as the responsibility for results are held by one and the same person. This may lead to quick decisions for the family and the business (cf. Weishaupt 2015, p. 31). If this person is also a family member, he/she is represented in the centre of the three-circle model (cf. Gersick et al. 1997, p. 7).

Moreover, it can be said that business family members are entitled to exert influence on the business within their roles as owners or employees in order to guarantee the existence of the FB (cf. Groth/Plate 2007, p. 265).

2. Further Details to Lifecycle of Family Businesses

This chapter covers the lifecycles of the three subsystems of FBs: family, ownership and business.

2.1 Lifecycle of Business Families

The family axis demonstrates the development of the business family, which is prescribed by the natural aging process (cf. Großmann 2014, p. 40). Along the family axis, FBs phase four phases, which all demonstrate own characteristics and qualities. Within the first phase, the so-called young business families, the family consists of two adults below forty years old and children, if any, under eighteen years. As this stage constitute a long-lasting period, it may be a challenge to commit to the business and consequently create a marriage enterprise. Furthermore, the education of the children, if existing, also needs to be taken into account (cf. Gersick et al. 1997, p. 62).

The second phase shows the entering the business stage and is composed of the owner-manager and his spouse, both in their middle age and their children, who are teenagers and young adults. The challenges families have to phase during this stage are to manage the midlife transition, the rite of passage and the accompanying decision, if the younger generation wants to join the FB or not (cf. Gersick et al. 1997, p. 72). Especially within the first and second stage, the foundation for communicational and behavioural patterns for the cooperation and the management of conflicts are laid (cf. Rüsen 2017, p. 11).

The working together stage implicates the full involvement of two or more generations in the FB. The senior generation is between fifty and sixty-five years old and the junior generation, which has made the decision about whether to work within the FB or not, is between twenty and forty-five. At this stage, the family becomes a network of families and has to face various challenges, like how to support the cross-generational cooperation and communication and encourage effective conflict management (cf. Gersick et al. 1997, p. 81f.).

The last stage illustrates the *passing the baton* phase, which is consituted by people at the age of sixty and above, the so-called senior generation (cf. Gersick et al.

1997, p. 92). Within this phase, the transition of competences and responsibilities to the next generation occurs (cf. Großmann 2014, p. 40). However, this can also happen at an earlier stage, in case of unexpected events like illness or death (cf. Klein 2004, p. 93).

2.2 Lifecycle of Ownership

The lifecycle of ownership is characterized by the development of the allocation of company shares and exists of the three stages controlling owner, sibling partnership and cousin consortium (cf. Großmann 2014, p. 40). Every change along the ownership lifecycle implicates corresponding dynamics within the subsystems business and family. However, if the majority control remains with one family member, the structure of ownership within FBs may stay static over many generations (cf. Gersick et al. 1997, p. 30).

At the start of the lifecycle of a FB, controlling ownership by a founder is very common. Hereby the gathering of financial resources constitutes the main challenge (cf. Klein 2004, p. 162). Additionally, a married couple may found and own a FB together, which is defined as *copreneurs*. However, this form of ownership is challenging because of the intermixture of personal and professional life. Therefore, it is of high importance to have a common objective, mutual trust as well as fairness and equality (cf. Klein 2004, p. 169f.).

When the controlling owner has reached the end of the tenure, a decision on the ownership structure needs to be made. Hereby, two different ways are possible: to hand the ownership control over to one individual heir or to divide it among a group of heirs. In case of the second choice, the next stage of ownership development occurs — sibling partnership (cf. Gersick et al 1997, p. 38f.). This stage is distinguished by individual characters, experiences and life situations of the siblings, which may result in conflicts. For an efficiently organized sibling partnership, the education received from the parents, the interaction between the grown-up siblings as well as organizational regulations within the company play an important role (cf. Klein 2004, p. 172f.).

The third stage called cousin consortium generally occurs in the third generation, when siblings hand over the business to their children (cf. Klein 2004, p. 178). As

cousins are at least one generation further away from the founder of the FB, the relationship between cousins tends to be less intense than those within a sibling partnership (cf. Gersick et al. 1997, p. 50). However, depending on the number of family members involved, a sibling partnership may be as complex as cousin consortium (cf. Klein 2004, p. 178).

Furthermore, it must be stated that also hybrid ownership forms can exist. These describe the transition from one stage to the next where, especially in further phases, the generations can be compounded (cf. Gersick et al. 1997, p. 31f.).

2.3 Lifecycle of Business

The axis of business describes the classical lifecycle of companies, which includes the start-up, expansion/formalization and maturity stage (cf. Großmann 2014, p. 39f.). The business lifecycle includes the size, age, structure and financial resources of the FB, and has an impact on the other two lifecycles. The change of the business from one stage to the next mostly occurs suddenly. Events which trigger the transition can be a change in ownership or family relationships as well as the opening towards a new market (cf. Gersick et al. 1997, p. 106).

The first phase within the lifecycle of business represents the start-up stage, where the owner-manager is the centre of the company and informal organizational structures are predominant. The main challenge hereby is the survival of the FB in terms of market entry, business planning and financing (cf. Gersick et al. 1997, p. 108). When the start-up stage is passed, the FB enters the second stage – expansion/formalization. During this stage, the business expands in different areas like sales, product range or employees. However, within this stage the relevance of complexity and growth as developmental measures becomes visible and cash management is clearly needed (cf. Gersick et al. 1997, p. 113f.). When margins decrease and competitors multiply, FBs reach the final stage maturity. Stability, a stable customer base and well-established organizational structures characterize this phase of the business lifecycle. Whereas some FBs are in the position to remain in this stage for a long period of time, some companies toned to reinvigorate their business or face decline of business (cf. Gersick et al. 1997, p. 122).

3. Further Details to Principles of Leadership

Within this chapter, the principles of leadership, namely the leading person, the leadership-relation, the systemic view of leadership as well as communication are covered.

3.1 Leading Person

In management literature, the focus is set on the following traits for leading persons: intelligence, integrity, narcissism, emotional stability and maturity as well as selfconfidence (cf. Yukl 2013, p. 52 - 62). Recently, leadership research also includes the importance of the talent to lead, the will to lead and the general communication competencies (cf. Kaehler 2014, p. 26). Moreover, leading persons are also characterized by their competencies, which can be described on three different levels: (a) elementary level, which includes methodical, social and professional competencies, (b) task level, which encloses the ability to successfully accomplish assignments, and (c) result level, which describes leadership competencies by achieving the goals (cf. Kaehler 2014, p. 27). Nevertheless, only focusing on the competencies and traits of leading persons lead to a dead-end, as humans are as different as they can be. Therefore, it is of high importance to also concentrate on how leaders should act. Persons leading effectively have learnt the following according to their acting behaviour: (a) to recognize and concentrate on their strengths, (b) to manoeuvre themselves into a position where exactly these strengths are important and precipitate results, and (c) to follow some principles, which discipline their work (cf. Malik 2007, p. 261f.).

3.2 Leadership-Relation

The essence of leadership is influence and hence *power*. Power can be described in different ways, whereas the target person(s), the influence objectives, the time period and changing conditions need to be taken into consideration (cf. Yukl 2013, p. 198f.). Furthermore, power can be classified according to its source: reward power, coercive power, legitimate power, expert power or referent power (cf. Yukl 2013, p. 201).

Another important element of leadership is *mutual trust*. As in the hectic of the day-to-day business mistakes can occur, it is a great advantage to be able to rely on the leading person, as only a robust and solid foundation of trust can compensate for failures (cf. Malik 2007, p. 86). Nevertheless, trust also has its downsides, as it can be deceptive (cf. Kaehler 2014, p. 29).

According to labour law, an employment relationship is an *exchange relation* between employer and employee. An essential aspect of leadership is therefore the exchange of work performance for money, even if not all leadership relations implement labour relations. Based on the variety of social, monetary and task incentives, exchange relations may take on many different forms (cf. Kaehler 2014, p. 30). Especially the Leader-Member-Exchange model as a theoretical construct contributes to the exchange relation. This model describes the role-making processes between the leading person and the followers as well as the exchange relation that unfold over time (cf. Yukl 2013, p. 234f.).

Furthermore, within leadership-relation the well-being of employees influenced by leadership must be mentioned. It can be said that positive leader behaviours like feedback, trust, support, confidence and integrity are connected with the well-being and a lower stress level of employees. On the contrary, negative behaviours of the leading person, which mainly arise in situations with stressed leaders, are negatively influence the relationship between leader and subordinate (cf. Skakon et al. 2010, p. 131f.).

3.3 Systemic View of Leadership

From a systemic point of view, formal authority is often mentioned in the context of leadership. However, formal authority is very limited as a power source, as showing authority by bearing a certain position may easily be countered by the followers. Consequently, leadership is dependent on the acceptance of the subordinates. This means that on the one hand, the status of a leading person is dependent on the acceptance of the subordinates, but on the other hand, an employee remains a subordinate even without a leading person (cf. Sprenger 2012, p. 31 - 34).

Within systemic leadership, reference is also made to the Recursive Leadership Model (RLM) by Platzer (2017), which raises awareness on the fragility of the

system leadership by showing the interconnectedness and repercussions of systems, its elements and environment as well as its effect on leadership. On the contrary to traditional leadership models, this model considers the impacts of second-order cybernetics, includes the institutional framework, the relation towards subordinates and the surrounding environment (cf. Platzer 2017, p. 51).

3.4 Communication

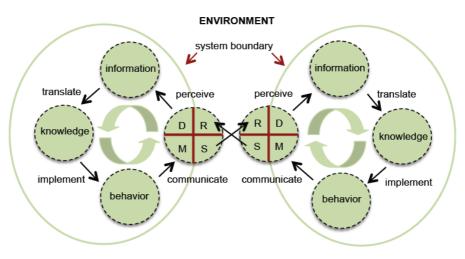
The sender-receiver model of communication describes the process of communication. Within this linear model, the message constitutes the starting point of communication and needs to be transmitted through an appropriate communication channel. These communication channels can be classified in three different forms: (a) oral, (b) written, and (c) non-verbal. Besides speeches and discussions, gossip within the business also refers to oral communication, which has the main advantage of direct exchange between sender and receiver. This in return allows instant feedback. However, a disadvantage of oral communication is the possibility of different interpretation and forwarding of information. This can be replaced by written communication, as the content of communication can be proved afterwards. Non-verbal communication includes gestures and mimics, but also the intonation of single words, which may change the meaning of a whole sentence (cf. Hungenberg/Wulf 2011, p. 320 - 325; Darics 2017, p. 3).

Communication can also be differentiated on two levels: the content and relationship levels. The content level includes objective and factual information, which can be proved afterwards. However, the way information is absorbed by the receiver depends on the relationship level, which constitutes the personal relationship between the participants of communication. This personal relationship can be influenced by emotional factors like sympathy, rivalry, prejudices or former experiences (cf. Hungenberg/Wulf 2011, p. 326).

From systemic point of view, communication can be explained as an operation, through which social systems autopoietically form, maintain and distance themselves from their environment. This means that due to the participation of social systems on communication, communication develops. Furthermore, communication is a synthesis consisting of information, notification and understanding. It is also of importance that communication always needs to be continued perform autopoiesis.

Therefore, also the understanding or misunderstanding of messages starts a new communication (cf. Luhmann 1985, p. 156; Luhmann 1997, p. 190).

The model of interrelations by Duque and Wünschl (07.12.2017) replaces the linear model of sender and receiver and explains communication from a systemic point of view. As the following figure shows, the model describes the interaction process between human beings. However, resulting from the interrelations within the framework of communication, a transformation of roles between receiver and sender occurs (cf. Duque/Wünschl 07.12.2017).



(Legend: R= Receiver | S= Sender | D= Data | M=Message)

Figure A1: Model of Interrelation (Duque/Wünschl 07.12.2017)

Every participant in the communication is thereby seen as closed system within the meaning of autopoiesis, which is in a recursive process of exchange with the others involved in communication. Thus, during the process the sender becomes/is the receiver and vice versa at the same time (Duque/Wünschl 07.12.2017).

Within the systemic communication, there is consequently a selection process. The selection is thereby made among all kinds of data from the environment. If data is perceived in this selection process, information is generated, which in turn is placed into a problem context and context of meaning to provide information about a situation. The translation of information finally leads to the production of knowledge. Thereby, the information is absorbed into an experience context as well as into thinking, feeling, acting and willing structures. In addition, it is linked to already existing memory contents. If the knowledge is then implemented in the further course of communication, the actor expresses it through his specific behavior. As a

result, verbal and nonverbal messages are communicated in the follow-up communication, which also lead to new data for the receiver. When perceiving those signals, information is generated once again. Thus, the communication process is continued or maintained in a recursive manner and the circle closes. This model rejects the idea that the individual perspectives of the system are hierarchically structured and that the structural elements are interconnected in a linear-causal manner and thus interrelated in the context of recursive processes. Consequently, the aspect of interrelations comes to the fore. As a result, communication processes can be understood as inter-relational processes. The minimum requirement is the interaction of at least two actors as non-trivial intentional systems. As soon as connecting communication emerges, system а new comes into view (Duque/Wünschl 07.12.2017).

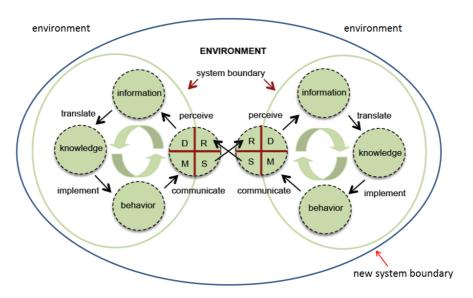


Figure A2: Model of Interrelation - New System (Duque/Wünschl 07.12.2017)

4. Further Details to Leadership Styles

This chapter deals with the leadership style Holacracy and the differences in communication between the authoritarian and cooperative leadership styles.

4.1 Holacracy

Holacracy can be defined as a "form of self-management that confers decision power on fluid teams, or 'circles,' and roles rather than individuals" (Bernstein et al. 2016, p. 1). Most researchers take an extreme position on Holacracy, either celebrating it as supporting flexibility and engagement or rejecting it as a naive social experiment, which disregards how tasks really get done. For leaders as well as for employees, reliability and adaptability within the company are of high importance, whereas usually one of the two factors eclipses the other. As a leading person, it is a challenge to know the right balance between reliability and adaptability. Therefore, the self-management of the organization is born to achieve the desired balance (cf. Bernstein et al. 2016, p. 2 - 4).

Within self-managed organizations, hierarchy does exist but there are no entitled leaders - instead there are different roles that could take on the title of a leader (cf. Denning 2014). Moreover, Holacracy typically shares the following three characteristics: (a) the teams represent the structure, (b) the teams form and control themselves, and (c) leadership is context-dependent. Furthermore, members of organizations that perform Holacracy share the responsibility for the work, the authority over meeting goals, discretion over the use of resources and the control over information and knowledge (cf. Bernstein et al. 2016, p. 7 - 9).

It is stated that Holacracy responds more quickly to change, increases the transparency and leads to fewer conflicts within the company. Another advantage is the higher degree of engagement within the workforce, as all employees are equally responsible and authorised, which in turn results in higher productivity and competitiveness. However, a tight bond between the associates, the willingness of all employees to assume responsibility and the necessity of self-discipline to manage themselves are factors that may hamper this form of self-management (cf. HRreview 2014).

4.2 Differences in Communication Style

Communication styles are defined as "the characteristic way a person sends verbal, paraverbal, and nonverbal signals in social interactions denoting (a) who he or she is or wants to (appear to) be, (b) how he or she tends to relate to people with whom he or she interacts, and (c) in what way his or her messages should usually be interpreted" (De Vries et al. 2009, p. 179). According to studies, there are mainly seven different communication styles: reflectiveness, supportiveness, preciseness, expressiveness, threateningness, niceness and emotionality (cf. De Vries et al. 2009, p. 198). According to these communication styles, it can be said that authoritarian leadership mainly make use of expressiveness, preciseness and threateningness. In reality, however, supportiveness, reflectiveness, niceness and emotionality can mainly be found within cooperative leading persons (cf. De Vries/Bakker-Pieger/Oostenveld 2009, p. 377).

Authoritarian leaders want to prove their power by showing that their foundations are firm. They mostly do it with direct and loud communication (cf. Schedler/Hoffmann 2015, p. 94). Interesting is also the fact that these leading persons often do not need to command, as their unspoken commands are also followed. The authority of the leading persons consists of the communication of decision premises, which are accepted by system fellowship (cf. Luhmann 1976, p. 99f.). Furthermore, it can be stated that authoritarian leaders are passive leaders, communicate one-way and do not allow feedback from their subordinates (cf. Allahverdyan/Galastyan 2016, p. 18).

In contrast to this, cooperative leading persons make use of motivating communication, which increases employee performance, job satisfaction, team creativity as well as the perception of the effectiveness of the leading person. Furthermore, motivating communication has a positive effect on the quality of decision-making processes (cf. Mayfield/Mayfield 2016, p. 467 - 475). Cooperative leaders are communicative leaders, who can be defined as someone "who engages employees in dialogue, actively shares and seeks feedback, practices participative decision-making, and is perceived as open and involved" (Johansson/Miller/Hamrin 2013, p. 155).

5. Further Details to Leadership Structures in Family Businesses

Within this chapter, the different leadership structures, namely sole-leadership and managing partner, are explained in more detail.

5.1 Sole-Leadership

Within the sole owner-leadership, one person has the sole leadership authority (cf. Klein 2004, p. 235). Especially in the stage of initiating a FB, this is the most common form of leadership. The sole-leader is seen as a patriarch, as they take all main decisions and the information flow mainly converge at them, based on their decision-power (cf. Felden/Hack 2014, p. 22). Furthermore, high commitment to the success of the business from the leading person and a simple organizational structure are characteristics of sole leadership (cf. Abouzaid 2011, p. 15). As long as the leading persons fulfil their tasks and duties, it is a very efficient form of leadership (cf. Felden/Hack 2014, p. 22).

The weal and woe of the company lie in the hands of one single person and depend on the education, knowledge, experience and intuition of this person. However, sole leaders especially in the founder generation show a reduced degree of delegation skills and conduct the decision-making mostly on their own. On the one hand, this results in a lower inharmoniousness, but on the other hand it leads to an authoritarian structure, which constitutes a disadvantage within the processing of complex tasks (cf. Klein 2004, p. 236f.).

In the second and all following generations the so-called crown prince leadership arises, which means that a single person from the next generation succeeds the owner (cf. Felden/Hack 2014, p. 23). Hereby, the chances and risks of sole leadership are similar, albeit in a weaker form. As the crown prince is not the founder of the business, the willingness to delegate is higher, whereas the openness to transfer the leading activities and responsibilities to third parties is lower (cf. Klein 2004, p. 166f.).

5.2 Managing partners

If a FB is led by more than one family member this is called leading in cooperation (cf. Klein 2004, p. 237), where decisions are made in teams (cf. Felden/Hack 2014, p. 23). When two or more family members with different experiences and life histories found or succeed in the business together, the coordination of these personal styles is of high importance. The allocation of competences and responsibilities needs to be clarified - not only for the partners but also for the employees, suppliers, customers and other stakeholders (cf. Klein 2004, p. 237). Apart from the business-related tasks, the relationships between the family members is crucial for the success of the business (cf. Klein 2004, p. 168).

Leading in cooperation can be found in the first generation, when two married partners, so-called copreneurs, establish a business together, or when one of the partners enters an already existing FB. The main risk hereby is the intermixture of private and professional life. Therefore, dynamic developments might occur, which cannot be controlled or avoided by the partners. Success or failure is tightly connected to the structure of the private relationship between the copreneurs, including the related expectations and rituals. Effective copreneurs have a clear allocation of roles, indicate great fairness, mutual trust and recognition as well as equality in the private and professional sector (cf. Klein 2004, p. 169f.).

If a FB is passed over to the second generation and equality dominates the logic of heritage, a sibling partnership is the consequence (cf. Plate 2011, p. 65). In contrast to copreneurs, siblings cannot choose their partners as they are quasi born into the partnership. However, they share a long history and spend almost their whole life together. In addition to the already mentioned difficulties of leading in cooperation, the sibling rivalry hereby plays an important role. The competition among siblings originates in the contest for parental love and attention. Based on the joint ownership and leadership, these conflicts might be acted out, but do not have to. The relationship between the siblings, the personalities, their life situations as well as the situation of the business are interacting variables, which lead more or less likely to conflicts (cf. Klein 2004, p. 171f.).

Leading in cooperation can also be performed within a cousin federation, when cousins or other related family members share the ownership and respectively also

the leadership (cf. Felden/Hack 2014, p. 25). This form is characterized by the greater number of family members who are potential leaders for the FB. However, the major challenge hereby is the bigger distance to the business, which normally applies to the third generation. This gap needs to be filled with suitable measures, as otherwise the family members do not show much interest in actively engaging in the FB (cf. Klein 2004, p. 245).

6. Ranking of Influencing Factors

This chapter displays the ranking of the exogenous and endogenous influencing factors based on extensive literature research and on their importance and strength of influence on cooperative leadership, carried out by the supervisor and the author of this thesis.

6.1 Ranking of Exogenous Influencing Factors

Ranking of Exogenous Factors								
Rank	Megatrends	Characteristics						
1	Demography	individualization, demographic change, Gen Y, Gen Z, Silver Shift						
2	Digitalization	new communication forms, processing of information in real time						
3	Knowledge Culture	open innovation, creativiteens, life-long-learning						
4	Connectivity	e-commerce, big data, social networks, car sharing						
5	People & Machines	artificial intelligence, robots, self-driving cars						
6	Globalization	migration, glocalization, global cities						
7	Work/Company	open working structures, increasing employees requirements, automatization of processes, dismissal of traditional processes						
8	Gender-Shift	diversity, womanomics						
9	Health	self-treatment, new techniques, more transparency, increasing health awareness						
10	Mobility	24/7, car sharing, no rigor separation of work & free time						
11	Neo-Ecology	sustainability, bio, fair trade, zero waste,						
12	Safety	privacy, identity management						
13	Urbanization	growth in population, smart city, rural exodus, mega cities						
14	New Consumption Patterns	globalization of consumer trends, transparency of markets, life-style consumption, question of meaning						
15	Politics/Economy	multipolar world, more transparency						
16	Sustainability	vulnerability of ecosystems, exploitation, sustainable consumption						
17	Decentralization of Production	technology, ecosystem						
18	Energy/Resources	short resources, increasing demand						
19	Climate Change	global warming, problems with environment						

 Table A1: Ranking of Exogenous Influencing Factors (own presentation)

6.2 Ranking of Endogenous Influencing Factors

Ranking of Endogenous Factors							
Rank	Influencing Factors	Characteristics					
1	personality of patriarch	self-will, concentration of power, taking all responsibilities, authoritarian leadership style, dominance					
2	inertia	insecurity, changing events, lack of motivation, difficulties with behavioral change					
3	interrelation of subsystems	allocation of roles, paradoxes of decision- making, strong involvement of family members					
4	succession conflicts	insufficient communication, no planned succession process, no appropriate successor					
5	nepotism	family vs business decisions, allocation of roles					
6	generational conflicts	insufficient communication, different working styles and expectations					
7	sibling rivalry	battle for power and influence, justice of the parents					
8	gender conflicts	succession, preference of one gender of the other					
9	stressors triggered by an individual	death, illness, accidents, psychological sufferings					
10	influence of third parties	selling parts of the FB, changing top management, transfer shares of the FB to third parties					
11	conflicts regarding partner choice	influence of parents, no involvement of spouses, no trust in spouse					

 Table A2: Ranking of Endogenous Influencing Factors (own presentation)

7. Further Details to Quantitative Market Research

In addition to the qualitative research, a quantitative market research was conducted within this master thesis. This chapter represents the detailed research design as well as the findings.

7.1 Research Design

Over the course of the quantitative market research, 251 leading persons of Styrian FBs were interviewed. The following chapters gives a clear instruction of the conducted quantitative research within the analytical section of this thesis.

7.1.1 Required Information

As already mentioned, leadership can be very challenging, even more so in FBs due to the interrelation of the three overlapping social systems. However, it is unknown, if FBs are aware of this fact and it is also unexplored what FBs know about cooperative leadership. Furthermore, there exists a lack of representative numbers about the applied leadership style in FBs. Consequently, the following information gap arises:

- What kind of leadership style do FBs in Styria use, given in percentage?
- What do FBs know about leadership?
- What do FBs know about cooperative leadership?
- What challenges cooperative leadership?

7.1.2 Objectives

The aim of the quantitative market research of this paper is to investigate the practiced leadership styles in FBs in Styria. Furthermore, the knowledge and awareness of leaders of FBs about leadership in general and cooperative leadership in detail are to be explored. Finally, the selected challenges of cooperative leadership are to be falsified or verified.

7.1.3 Sample

To transfer the results of the sample on the whole population, the sample needs to be representative. Therefore, the procedure for drawing a sample needs to be carried out correctly and precisely. Within quantitative market research, there exist the differentiation between randomly, non-randomly and combined sampling. Within the non-randomly sampling it can further be differentiated between quota and cut off sampling. Within this thesis the quota sampling is chosen to create a miniaturised model of the population, which is in all relevant criteria representative for the population (cf. Magerhans 2016, p. 77 - 83). As criteria, the number of employees and the function within the FB of the target persons are defined. Therefore, 251 leaders of FBs with 7 to 20 employees, independent of generation or sector were asked. In order to receive 251 completed questionnaires, 1,295 contacts of leaders of Styrian FBs were provided.

7.1.4 Hypothesis

The following hypothesis is one pillar for the quantitative market research:

H5: Patriarchal leadership is more often used than cooperative leadership in FBs.

7.1.5 Process of Data Collection, Evaluation and Interpretation

The quantitative market research was carried out by a market research agency in Graz, started at January 30th, 2018 and ended after four weeks on March 2nd, 2018. A standardized questionnaire was chosen for the survey and took 10 minutes. It mainly consisted of closed questions including single or multiple choice questions and rating scales. After receiving the data, the results were arranged in a system of categories and evaluated within the software program *SPSS*. In the next step, the results were interpreted based on the previously structured content.

7.2 Findings

This chapter presents the data collected with the telephone interviews with 251 leaders of FBs in Styria with the size of 7 to 20 employees conducted by an agency. The chapter is divided into categorised subchapters, namely general data, understanding of leadership, leadership styles, influencing factors and applicability of model and tool.

7.2.1 General Data

This chapter covers general information about the respondents, such as gender, distribution of age regarding predefined age groups, the sector, the FB is in, the

generation and if the leading person is the sole ownership of the business or if it is shared with someone.

7.2.1.1 Gender

The following figure shows the gender distribution of the respondents of the quantitative market research. It can be observed that more male than female leaders took part in the survey, namely 62.9% male and 37.1% female persons.

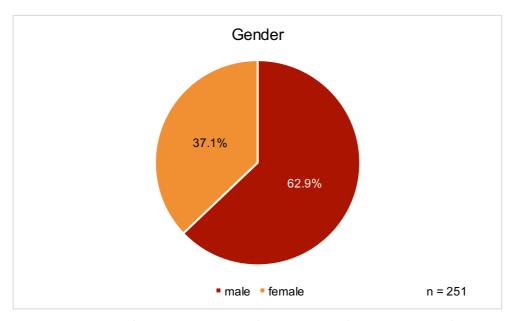


Figure A3: Gender Distribution of Respondents (own presentation)

7.2.1.2 Age Groups

Figure A4 represents the age distribution of the respondents according to the predefined age groups. It can be observed that most of the interview partners are in the age group of 45 to 60 years, followed by the age group of 35 to 45 years.

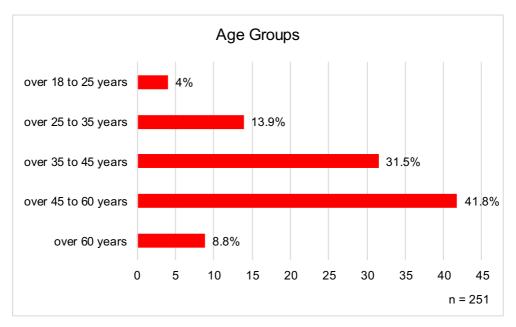


Figure A4: Distribution of Age of Respondents (own presentation)

The average age of the respondents was 45.7 years, whereby the standard deviation amounted to 11.0 years. This rather high average age of the respondents may have an influence on the understanding of leadership in general as well as of cooperative leadership.

7.2.1.3 Area of Business

Figure A5 displays the different industries the FBs are in. The majority of FBs in Styria are operating in the industries services, commerce and production.

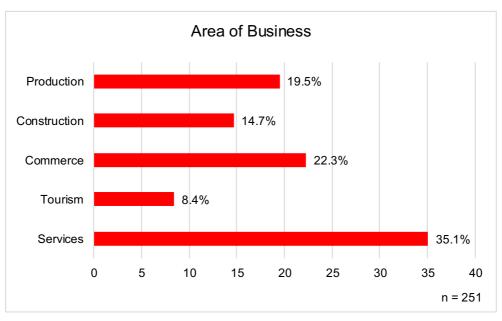


Figure A5: Distribution of Industries of FBs (own presentation)

The different sectors the FBs are in may have an influence on the experience and point of view of the influencing factors, especially of the exogenous influencing factors.

7.2.1.4 Generation of Family Businesses

The interview partners were also asked in which generation their FB is in. The following figure pictures clearly that most of the FBs are in the first or second generation, whereby only six companies are in the fifth or older generation.

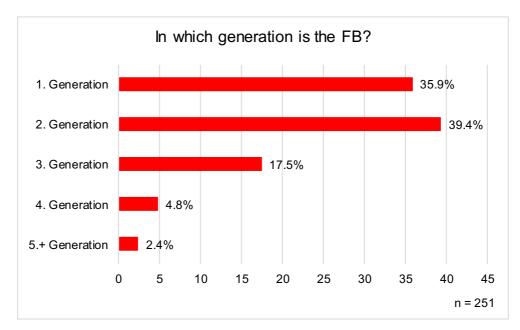


Figure A6: Generation of FBs (own presentation)

Hereby, it can be assumed that the different generations may influence the viewpoint of cooperative leadership. However, it is interesting to observe the correlation of the generation of the FBs and the ownership structure, which is displayed in the following subchapter.

7.2.1.5 Ownership Structure

The question, whether the interview partner is the sole ownership of the FB was confirmed by 159 respondents and denied by 92 respondents, which are 63.3% and 36.7% respectively. As the following figure shows, the majority of 36.7% of respondents, who denied this question, mentioned to share the ownership with their father, spouse or sibling. Within the 6.4% answers of *others*, children, grandparents, brother-in-law or external partners were mentioned.

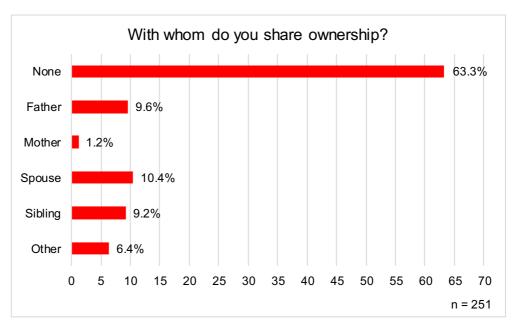


Figure A7: Ownership Structures (own presentation)

It can be observed that a significant dependency between the ownership structure and the generation the FBs exists. However, the dependency is with a significant value of 0.452 not very high. A clear dependency can be observed between the 2nd generation and the shared ownership with the father, mother or sibling. Furthermore, a significant dependency can be determined between the 1st generation and the shared ownership with the spouse or the sole ownership. Nevertheless, it has to be mentioned that 60% of the cells show an expected frequency of less than 5 and therefore the minimum expected frequency is only 0.7.

These results lead to the assumption that FBs are especially founded together with the partner and in the second generation, the ownership is shared either with the parents or the sibling. A shared ownership with the parents may imply a succession process, partial succession, which means that the leadership is fully passed to the successor, but the ownership stays to partially in the hands of the predecessor or it could also imply that the parents financially support their children and therefore, hold shares on the FBs. It is also interesting that 21.9% of the respondents in the 2nd generation declared to be the sole owner, which implies a so-called *crown prince succession*.

7.2.2 Understanding of Leadership

This chapter covers the answers provided by the respondents regarding the understanding of leadership in general and cooperative leadership in particular as well as the applied leadership style.

7.2.2.1 Understanding of Leadership in General

To get an insight into the general understanding of leadership of the leading person of FBs in Styria, the respondents were asked to select one of the three mentioned definitions of leadership. As can be observed in the following figure, 168 persons associate leadership with either control or influence and 83 people see leadership as linked to the condition of recognition by others. It must be mentioned that these definitions cannot be clearly separated but have certain overlaps. Above all, leadership can only work, if it is recognized by others. Here, the arithmetic average is 2.15 and the standard derivation accounts for 0.703. It can be observed that there is no significant dependency between the leadership style and the selected definition of leadership, as the asymptotic significance lies at 0.997.

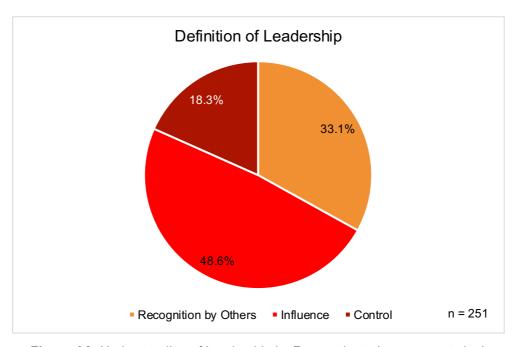


Figure A8: Understanding of Leadership by Respondents (own presentation)

As can be observed in the following figure, the understanding of leadership varies between the different age groups. It can be mentioned that a significant dependency between these two factors exists, even though the dependency is with a significant value of 0.350 not very high. A significant dependency is displayed between the age groups of 18 to 25 years and over 25 to 35 years and the understanding of

leadership as recognition by others. Additionally, the age groups of 35 to 45 years and over 45 to 60 years show a clear dependency to leadership as being the major influence on a group. Furthermore, significant dependency can also be observed between the over 60 years old people and the definition of leadership of control. However, it must be mentioned that 26.7% of the cells have an expected frequency less than 5 and, consequently, the minimum expected frequency is only 1.8.

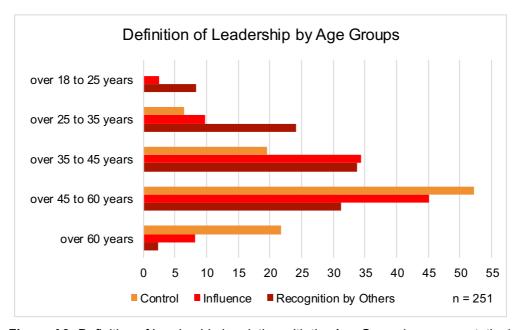


Figure A9: Definition of Leadership in relation with the Age Group (own presentation)

In addition, it can be determined that the average age of the people who selected the definition of control is 51.7 years. In comparison, the average age of the leaders who chose influence is 44.0 years, and within the people who said recognition by others the average age constitutes 40.9 years. It can be assumed that there is a tendency that younger people understand leadership as recognition by others and the middle age group as influence on a group, whereas the older generations associate control with leadership.

Furthermore, a significant dependency between the ownership structure and the understanding of leadership can be observed, although the dependency only accounts for 0.202 and is therefore not very high. Nevertheless, a significant dependency especially between the factors of control and sole ownership exists, which implicates that within sole ownership leadership is more likely to be understood in an authoritarian way.

7.2.2.2 Understanding of Cooperative Leadership

In addition to the general understanding of leadership, the respondents were asked about their understanding of the cooperative leadership style. The respondents had to rate these statements on a scale of one to five, whereby one stands for totally agree and five for totally not agree. Over the course of the analysis of these statements, the five-point rating scale was reduced to a three-point rating scale in order to get clearer viewpoints. Furthermore, it must be said that two of the seven statements were not definitions of cooperative but of authoritarian leadership. These two statements were c) "cooperative leadership requests clear decision guidelines" and statement f) "cooperative leadership only works with clear hierarchical structures". Whereby statement f) was only answered with high agreement by 47.8% respondents, statement c) was still agreed by 86.9% respondents. The following figure collectively displays all results of the statements about cooperative leadership.

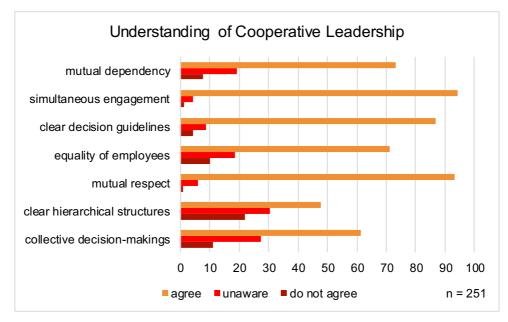


Figure A10: Definitions of Cooperative Leadership by Respondents (own presentation)

With an accuracy of 99.4%, it can be stated that leaders of FBs in Styria understand cooperative leadership as simultaneous engagement and mutual respect between the leading person and the employee. It is also interesting that, with an accuracy of 99.0%, 218 leaders also associate clear decision guidelines with the cooperative leadership style. The arithmetic average of collective decision-makings is 2.0 with a standard derivation of 1.378. Furthermore, the statement *clear hierarchical structures* shows an arithmetic average of 2.48 with a standard derivation of 1.591. Therefore, it can be observed that cooperative leadership in FBs is indeed

associated with collective working and engagement, but also with collective decision-makings and clear hierarchical structures, which entails that still the leaders need to make the decisions. This rather implicates a direct-cooperative leadership style than a cooperative leadership style. It must also be mentioned that none of these statements have a significant dependency on the general data.

7.2.2.3 Leadership Styles

Over the course of the quantitative market research, the applied leadership style of the leaders of Styrian FBs was questioned. Hereby, the respondents had to rate several statements about their leading behaviour on a five-point rating scale, whereby one stands for totally true and five for totally false. To get a valid result, the statements were evaluated by whether they stand for an authoritarian, cooperative or Laissez-Faire leadership style. This evaluation was done by the author and with the help of a psychologist (cf. Duque R. 11.04.2018). For the evaluation, statements which are more accurately assignable to one of the leadership styles were used. Subsequently, the answers of every respondent were evaluated and one leadership style out of these answers for every respondent was determined. This procedure was conducted within the program SPSS.

With an accuracy of 98.8% it can be said that 59.4% and therefore the majority indicated to lead cooperatively. Only 13.1% are observed to lead in an authoritarian way, whereby 27.5% are indicated to have a Laissez-Faire leadership style as displayed in the following figure. As already observed within the understanding of cooperative leadership, it can be assumed that cooperative leadership is mostly understood as direct-cooperative leadership. Consequently, a further evaluation of the determined 149 respondents, who lead cooperatively, was done. Hereby, the answers to the statements that indicate a rather cooperative leadership style were further observed and differentiated in more detail. The following figure shows that 59% follow a rather direct-cooperative leadership and 41% a cooperative leadership style.

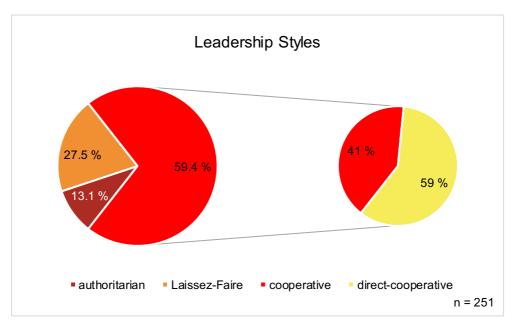


Figure A11: Distribution of Leadership Styles in FBs (own presentation)

These results indicate that within FBs the direct-cooperative leadership is the most frequent leadership style. This implies that employees are involved within the decision-making process, but it is still the leading person making the final decision. This also verifies the assumption made within the understanding of cooperative leadership.

The following figure collectively displays the distribution of the four leadership styles and shows that the percentage of cooperative leadership style is rather low.

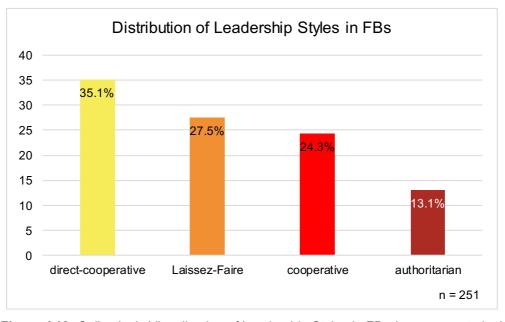


Figure A12: Collectively Visualization of Leadership Styles in FBs (own presentation)

The following figure also shows the average values of each statement in reference with the leadership styles.

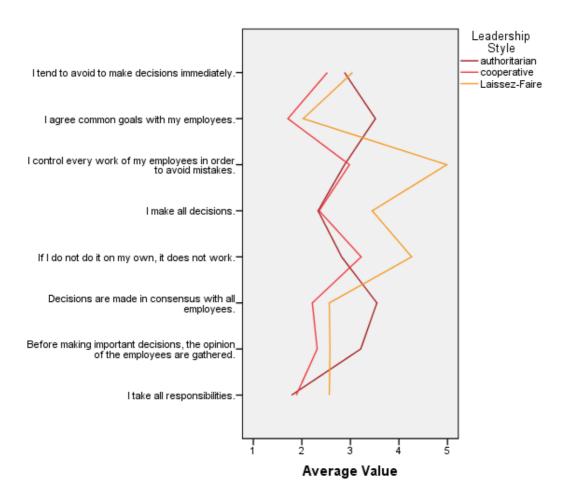


Figure A13: Line Profile of Leadership Styles in FBs (own presentation)

The most outstanding average values can be observed within Laissez-Faire leadership style. Above all, the third statement of controlling the work of employees indicates that within Laissez-Faire leadership style, the leading person gives little or no guidance to the team. It is also noteworthy that the statement "I make all decisions" is equally answered by authoritarian and cooperative leaders and the last statement about the responsibilities is answered in a similar way. However, this again leads to the assumption of the rather direct-cooperative leadership style instead of a cooperative one.

It also must be mentioned that the authoritarian leadership style has a significant dependency on the ownership structure (sole owner or shared ownership) with a significance of 0.000 and a value of 0.286. Furthermore, there is also a significant dependency on the age groups of the leaders with a significance of 0.017 and a

value of 0.263. However, within the data of generation, sector or gender, there exists no significant dependency on authoritarian leadership.

Furthermore, it can be highlighted that there exists a significant dependency between the direct-cooperative leadership style and the ownership structures with a significance of 0.037 and a value of 0.160, which implicates a rather low dependency. Additionally, the direct-cooperative leadership also has a significant dependency on the sector of the FBs with a significance of 0.007 and a value of 0,279. It is also interesting that there is a significant dependency between the Laissez-Faire leadership style and the gender with a significance of 0.008 and a value of 0.191.

However, it also must be stated that no significant dependency between cooperative leadership style and any of the general data exists.

7.2.3 Exogenous Influencing Factors on Cooperative Leadership

With the aim to falsify or verify the selection of the exogenous influencing factors, the respondents were asked several questions on these factors. Firstly, the respondents had to indicate, whether they experience the exogenous influencing factor and secondly, if they are of the opinion that the exogenous influencing factor constitute a challenge for cooperative leadership.

7.2.3.1 Multigenerational Workforce

The majority of the respondents answered the question, whether they experience the demographic change in their FB, with yes as can be seen in the following figure. Furthermore, more than the half of the interviewees believed that the demographic change and the resulting multigenerational workforce with different values and approaches to work constitutes a challenge for the cooperative leadership in FBs.

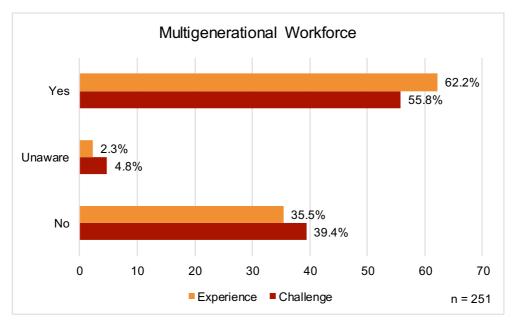


Figure A14: Experience and Challenge of Multigenerational Workforce (own presentation)

With an accuracy of 98.1%, it can be said that the arithmetic average of the experience of multigenerational workforce lies at 2.47 and of the challenge of multigenerational workforce at 2.67. It is interesting that the number of responses is higher for the experience of the demographic change than for the challenge of it. This may lead to the assumption that within FBs the cooperation between different generation is mostly already given due to the ownership or family structure of the business.

7.2.3.2 Flexibility

As figure A15 shows, the opinions are diverse on whether a wish for more flexibility at work by the Generation Z exists, as 41% confirmed, 57.4% denied and only 1.6% were unsure of this question. However, the answers to the question, whether the leaders think that this wish for more flexibility constitutes a challenge for the cooperative leadership were clearer. Only 18.3% answered this question with either no or unaware and the majority, namely 81.7% interviewees, clearly confirmed it.

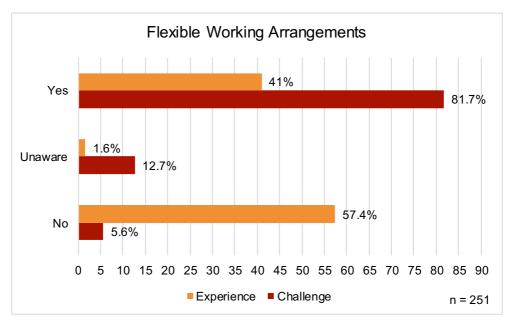


Figure A15: Experience and Challenge of Wish for Flexibility by Generation Z (own presentation)

However, the arithmetic average for the experience of the wish for more flexibility by the Generation Z accounts for 3.33 with a standard derivation of 1.961 and with an accuracy of 98.9%, it can be stated that the respondents believe that the wish for more flexibility constitutes a challenge for the cooperative leadership style. Consequently, it may be assumed that within FBs the personal contact plays an important role and therefore the wish for more flexibility may not even arise in the employees, as it is clear what is possible and what not. This may also lead to the assumption that leaders are clearly of the opinion that this wish for more flexibility would constitute a challenge for cooperative leadership.

7.2.3.3 Disappearance of Boundaries of Communication

The respondents answered the questions about their experience of the increased written communication in their FBs and the challenge this textualization of communication constitutes for the cooperative leadership style almost homogenous. The majority of the respondents confirmed these questions, as can be observed in the following figure.

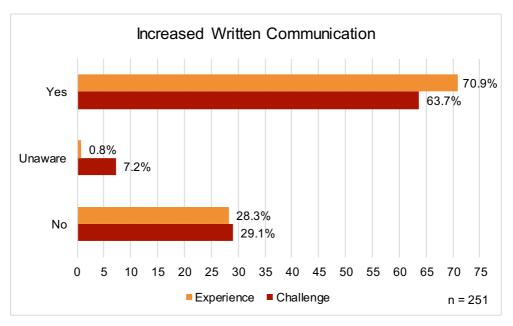


Figure A16: Experience and Challenge of Written Communication (own presentation)

With an accuracy of 98.2%, it can be stated that the leaders of FBs in Styria experience the digital communication with an arithmetic average of 2.15 and also see it as a challenge for cooperative leadership with an arithmetic average of 2.31. This implies that not all respondents who experience digital communication also think that it constitutes a challenge for cooperative leadership. This may lead to the interpretation that within FBs the digital communication also has advantages or speeds up the cooperative decision-making.

7.2.3.4 Cooperative Leadership and Changing Market

The respondents were also asked, if they believe that the cooperative leadership style helps to overcome the challenges of a changing market. As the following figure shows, 81.7% stated this question with yes.

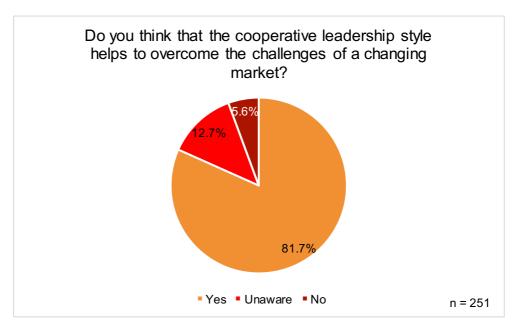


Figure A17: Cooperative Leadership as Best Response on Challenges of Changing Market (own presentation)

The arithmetic average accounts for 1.48, whereby the standard derivation lies at 1.086. However, it must be mentioned that cooperative leadership is differently understood by the leaders of FBs. Therefore, a significant statement cannot be made, as the cooperative leadership may also involve the direct-cooperative leadership style.

7.2.4 Endogenous Influencing Factors on Cooperative Leadership

In addition to the exogenous influencing factors, the respondents were also asked about the endogenous influencing factors to falsify or verify the previously made selection.

7.2.4.1 Concentration of Power

Within these endogenous influencing factors, the interviewees were asked to rate the influence of the personality of a patriarch on the cooperative leadership style. As figure A18 displays, the majority of the respondents rated the influence as either very strong or rather strong.

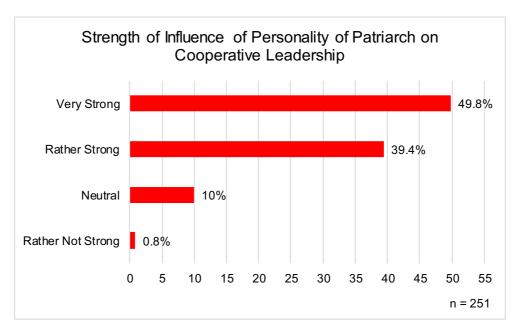


Figure A18: Challenge of Personality of Patriarch (own presentation)

Hereby it must be mentioned that the calculated arithmetic average lies at 1.23 and the standard derivation at only 0.689. It can be assumed that either the term patriarch was not understood correctly, or the understanding of cooperative leadership rather has the tendency to a direct-cooperative leadership style, where the opinions of the employees are gathered and listened to, but the decisions are still made alone.

7.2.4.2 Difficulties with Behavioural Change

The following figure demonstrates that the answers are almost balanced on the question, if the respondents experience the inertia by employees against change. However, the opinions about the challenge of inertia by employees on cooperative leadership were more explicit.

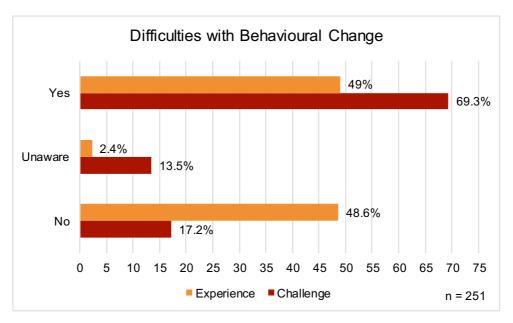


Figure A19: Experience and Challenge of Inertia by Employees (own presentation)

With an accuracy of 98.4%, it can be said that the respondents experience the inertia by employees with an arithmetic average of 2.99 and see it as a challenge for cooperative leadership with an arithmetic average of 1.96. However, the standard deviation accounts for 1.980 and 1.542, respectively. This leads to the interpretation that, although inertia by the employees is not experienced in the company, it is seen as a challenge for cooperative leadership.

7.2.4.3 Strong Family Influence

As demonstrated in the following figure, the majority of the leaders of FBs confirmed to include family members in their process of decision-makings, namely with an accuracy of 98.5%, the leaders voted with an arithmetic average of 1.71. This indicates that the opinions of family members still have an essential influence within the process of decision-makings.

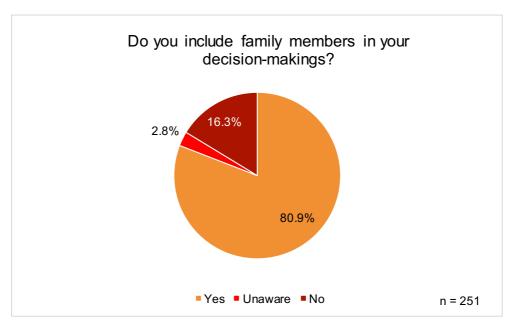


Figure A20: Inclusion of Family Members in Decision-Makings (own presentation)

Furthermore, within the 203 respondents who confirmed this question, the majority stated to include family members often or always in their decision-making processes. Essential is that only 1.6% mentioned to include family members seldom in their process of decision-makings. Hereby, it can be interpreted that most of the leaders of FBs include family members not only in essential decisions of the company, but also in daily or random decisions.

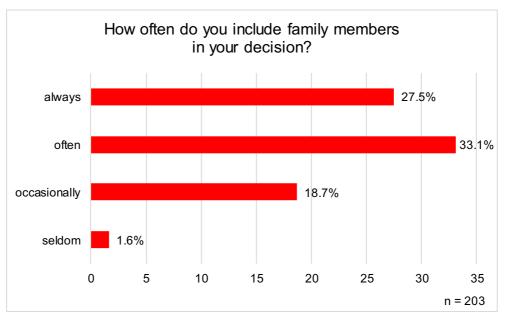


Figure A21: Frequency of Including Family Members in Decisions (own presentation)

Figure A22 displays the family members, who are involved in the decision-making processes. For this question multiple answers were possible and in total 312 answers were given. As it is shown, the spouse is mostly included in the process of

decision-makings, followed by the mother. Within the 17.3% for *others*, the children were mentioned as the most frequent answer. There logically exists a significant correlation between the involvement of family members and the ownership structures, as the family members, who hold shares of the FBs, are also involved in the decision-making processes. This indicates that leading in cooperation does work within the FBs. Nevertheless, it can also be observed that there exists a dependency between the sole ownership and the involvement of the spouse with a significance of 0.002. Nevertheless, this dependency is rather low with a value of 0.208.

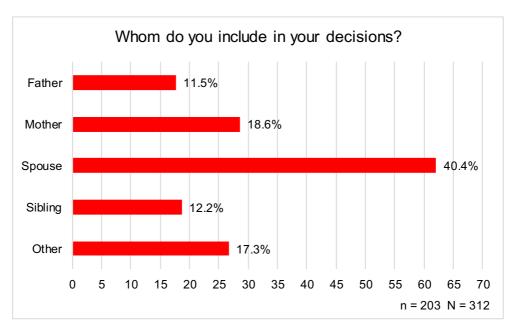


Figure A22: Family Members included in Decisions (own presentation)

The following figure additionally displays the correlation of the frequency of involvement of family members and the active participation in the FBs. It can be observed that the majority of the family members, who are involved in the decision-makings, are also actively working within the business.

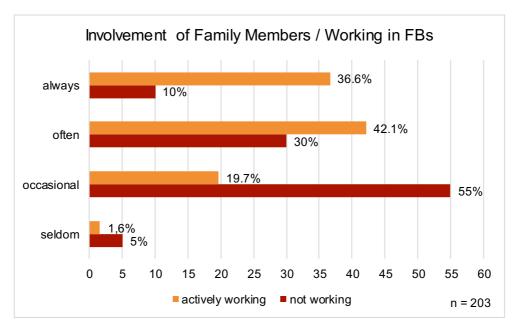


Figure A23: Frequency of Involvement of Family Members according to Active Participation (own presentation)

Additionally, it can be observed that the spouses, who are mainly involved in the decision-makings by the sole owners, are also actively working within the company. However, as they do not own any shares of the company, they are employed and therefore on the same level as external employees. Nevertheless, it can be assumed that the opinions of the employed spouses are preferred in contrast to ideas of external employees, as decisions can mainly be made at home without consulting external employees, which again hampers cooperative leadership.

7.2.5 Applicability of the Model and the Tool

With the aim to verify the applicability of the model of cooperative leadership and the tool for leaders in FBs, the interviewees were asked if they would consult either the model or the tool. The results of these two questions are collectively displayed in the following figure. It can be observed that the majority of the respondents would not consult neither a model nor a tool for cooperative leadership in FBs. However, it must be mentioned that 26.3% were unsure, if they would consult a model of cooperative leadership and even 29.8% would definitely or rather definitely consult a tool, which demonstrates the applied leadership style and consequently give recommendations on how to overcome the challenges of cooperative leadership by considering exogenous and endogenous influencing factors.

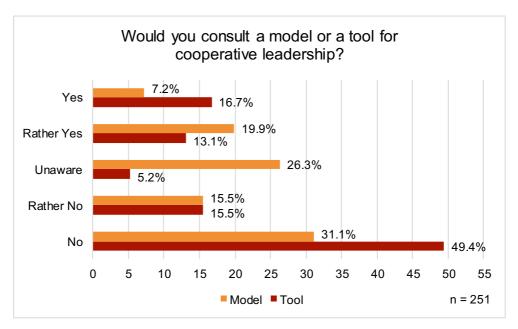


Figure A24: Model and Tool for Cooperative Leadership (own presentation)

Additionally, it can be mentioned that the arithmetic average to consult a model is 3.43 with a standard derivation of 1.305 and for the tool, the arithmetic average accounts for 3.68 and the standard derivation lies within 1.576. Furthermore, it can be observed that there is no significant correlation between the age of the respondents and the consultancy of the model or the tool. It also must be stated that the expected frequency of five is not reached. Nevertheless, there exists a significant dependency between the leadership style and the application of the model or the tool, even though the dependency is rather low with 2.72 and 2.76, respectively.

It can be assumed that the readiness to consult a tool or a model is rather low by the leaders of FBs in Styria, as they have not seen the model and only got to hear the concept of the tool and therefore they might not see the advantages and usefulness.

8. Further Details to Findings of Qualitative Market Research

With the aim to verify or falsify the exogenous and endogenous influencing factors and its specification, the experts within the qualitative market research were asked about these in more detail. These findings feed directly into the interpretations and implications of this thesis, especially into the recommendations within the tool for leaders.

8.1 Challenges of Cooperative Leadership created by Exogenous Influencing Factors

This chapter covers the findings regarding the challenges of cooperative leadership created by exogenous influencing factors, namely demographic change, Generation Z and digital communication.

8.1.1 Multigenerational Workforce

The question whether the experts experience the demographic change and the resulting multigenerational workforce with different values in their company was confirmed by seven experts and denied by one expert, respectively of both expert groups. One expert, who denied that demographic change is taking place in his/her company, stated: "The multigenerational workforce is given by nature in FBs due to the succession process and therefore do not constitute a new challenge" (Respondent 3 13.02.2018). However, another expert mentioned that "the younger generation does not have the same appreciation of a fixed working place or a fixed income than the older generation does. They do not share the same approach to work" (Respondent 5 21.02.2018).

The following figure shows the opinions of the experts if a multigenerational workforce constitutes a challenge for the cooperative leadership style. It is interesting that opinions of the practitioners to this question are divided. The statements for confirming it were that different employees have different claims, needs and requirements to the leaders and therefore, the leaders must show even more interest in the individual employees. Another expert stated that "it is difficult as young person to lead older employees, as the sentence 'we have always done it in

this way' is mentioned very often. It is a challenge to break through this deep-routed behaviour" (Respondent 11 02.03.2018). Another important factor, which was mentioned several times by the experts in relation with demographic change was the war of talent: "Employer Branding is getting more and more important, as I have to represent my company as qualitative employer to the young generation" (Respondent 15 12.03.2018).

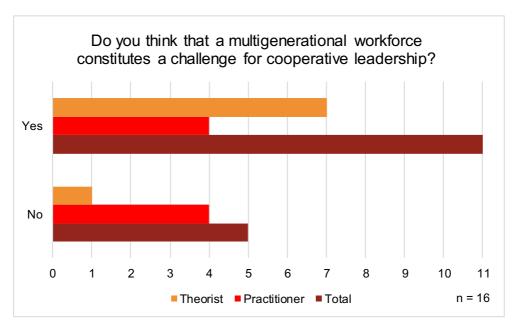


Figure A25: Multigeneration as Challenge of Cooperative Leadership (own presentation)

As approaches or methods to cope with this exogenous influencing factor, the experts regularly stated employee retention, strict selection within apprentice training or making no differences between the generations regarding speed of work. One respondent answered: "In our company, the old and young generations have to work together, so we give every old employee at least one young employee by purpose in order to guarantee transfer of knowledge" (Respondent 7 27.02.2018).

8.1.2 Flexibility

The following figure demonstrates that the majority of the experts confirmed the question whether they experience the wish for more flexibility at work by the Generation Z, the youngest group of employees in comparison to older generations, who wish stable working conditions. The experts, who denied this question stated that the part of the youngest generation within their workforce is not so strong yet, that they do not experienced this within their work of consultation or that it is not possible due to their opening hours of their business.

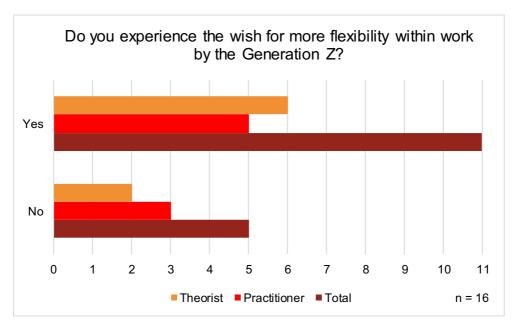


Figure A26: Experience of Wish for more Flexibility at Work (own presentation)

The answers to the question, whether they are of the opinion that the Generation Z has a greater wish for more flexibility at work like flexible working hours or flexible working places than the other generations and that this wish constitutes a challenge for the cooperative leadership style in FBs were the same as shown in figure A26. In total, eleven respondents stated that it is a challenge, as it means leadership in absentia. One respondent said that "it accompanies lack of transparency and less possibility of control. Therefore, I have to work more output-oriented" (Respondent 2 13.02.2018). Another interviewee stated that "it might create a gap of performance within a team and therefore, lead to inharmoniousness in already entrenched structures" (Respondent 11 02.03.2018). One expert, who denied this question, declared that he/she would see it the other way around: "I would say that a cooperative leadership is the precondition for satisfying the wishes of more flexibility of the youngest generation" (Respondent 9 01.03.2018).

As approaches to fulfil this wish for more flexibility at work the majority of the experts mentioned that they offer flexible working times, as their work is based on deadlines and therefore, the employees are responsible for their own work and how and when they get it done. For the leaders it is only important that the work and the projects are done in time. Furthermore, the aspect of communication played an important role in the answers of the experts. One respondent stated: "It is essential to communicate to the employees what is possible and what is not. This already starts at the job interview, as therefore, no misunderstandings can arise" (Respondent 10

01.03.2018). A different interviewee declared that "in order to grant individuality, every employee can decide on their own when and where they want to work, as long as they stick to the deadlines" (Respondent 9 01.03.2018).

8.1.3 Disappearance of Boundaries of Communication

The experts regularly stated that they experience the disappearance of verbal and non-verbal communication and consequently, the increased use of written forms of communication. Even all 8 theorists confirmed this question. Hereby, the digital means of communication like email, Skype, WhatsApp or messenger have been mentioned frequently by the experts. One practitioner, who denied this question, declared that they are a very small FB and consequently, they have very short communication channels, which are primarily verbal.

As figure A27 shows, in total twelve experts believe that this change in means of communication constitutes a challenge for the cooperative leadership style.

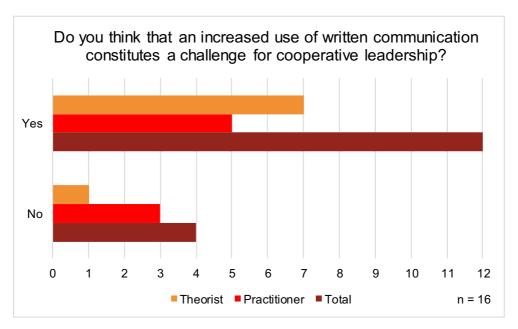


Figure A27: Written Communication as Challenge of Cooperative Leadership (own presentation)

As reasons for why it constitutes a challenge, the experts regularly stated leadership in absentia, increased conflict dynamics, increased misunderstandings and decrease in interpersonal relations. "Written communication is not suitable for tense and conflict of interest characterized processes of negotiation. Hereby, the dynamic of conflicts is even heated up", stated one respondent (Respondent 4 2018). Another interviewee mentioned: "Mostly the shortest and easiest way of

communication is chosen. However, this is not always the most emphatic way. The personal communication allows more personality and more enforcement, whereas within the written communication tasks are more easily delegated, or at least you think you delegate them. It is the more complicated way, as it might differently reach the receiver of the message" (Respondent 6 2018). Additionally, one respondent mentioned that "the flow of information has to be managed differently and this is getting more and more demanding" (Respondent 13 07.03.2018).

As approach of how to overcome or cope with this challenge of cooperative leadership the experts regularly cited a proper balance of the various means of communication and to set clear communication guidelines. In order to get fast answers, come to an agreement or exchange opinions, the written communication is a good option. However, to get a feeling for your counterpart, to improve the interpersonal relations or to solve conflicts, the personal communication is the safest and best way, the experts usually stated. Furthermore, Respondent 3 (13.02.2018) said that "written communication can be helpful in many ways, however, personal contact creates attractiveness. This means that social contacts still have to be cultivated, as you cannot e-mail a handshake."

8.2 Challenges of Cooperative Leadership Created by Endogenous Influencing Factors

This chapter deals with the findings regarding the challenges of cooperative leadership created by endogenous influencing factors, namely personality of patriarch, inertia by employees and influence of family members.

8.2.1 Concentration of Power

The opinions strongly varied on the question if a cooperative leadership style is possible under the leadership of a patriarch. However, as can be seen in the figure below, most of the experts clearly denied this question.

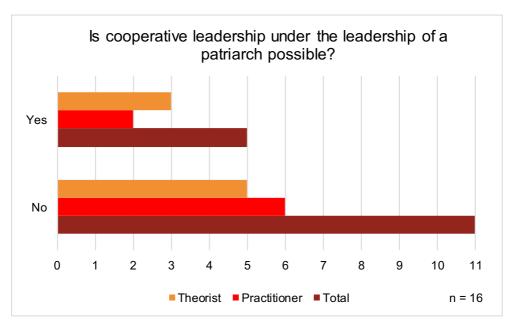


Figure A28: Cooperative Leadership under the Leadership of a Patriarch (own presentation)

The interviewees, who denied this question, mainly stated that the authority, obedience, control and strict discipline the patriarchs live or want to live by exclude a cooperative leadership. "Patriarchs take care of their employees, as they are very social. However, they act in the sense of 'You give everything you can and I take care of your well-being'. And that has nothing to do with cooperative leadership" (Respondent 9 01.03.2018). However, one expert, who confirmed this question, mentioned that "it is possible to make a decision in an authoritarian way, but this definitely does not mean that the opinions of the employees are not included" (Respondent 1 12.02.2018).

The answers may lead to the assumption that cooperative leadership is not understood in the same way by every expert. It can be assumed that some of the expert are of the opinion that within cooperative leadership it still takes someone, who makes the decisions - this implicates a direct-cooperative leadership style rather than a cooperative leadership style.

The main answer to the question, what it would take for patriarchs to lead cooperatively, was to build awareness of the leadership style they currently have. Furthermore, to work on the leadership behaviour with the help of a coach was mentioned several times. Additionally, the readiness to change the leadership behaviour and to include the employees was stated by various experts.

8.2.2 Difficulties with Behavioural Change

As the following figure shows, most of the experts said yes to the question whether the inertia by employees, which describes the resistance against change, influences cooperative leadership. Essential is that all practitioners confirmed this question, whereas three theorists denied it.

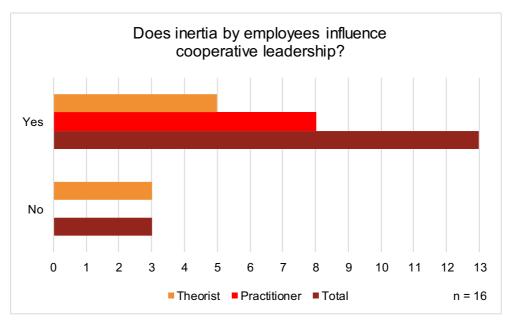


Figure A29: Influence of Inertia by Employees on Cooperative Leadership (own presentation)

As explanations to why inertia of employees influences the cooperative leadership, one respondent said that "a cooperative leadership style needs time and employees, who are not keen for change, provide for time delays" (Respondent 1 12.02.2018). "Especially in FBs, the employees belong to the company for a very long time and therefore, they are used to successful processes, behaviour patterns and solutions. And if the employees have to start to think on their own on how to improve processes and working patterns, it can constitute a challenge" (Respondent 4 19.02.2018). "Within the cooperative leadership exists the strongest interrelation between leading person and lead persons and therefore, if there is inertia on one side, it has a big influence", respondent 6 (22.02.2018) stated. This leads to the assumption that on the one side, resistance and inertia can be hardly influenced by cooperative leadership and on the other side, cooperative leadership can hardly be reached if resistance and inertia exist.

One respondent, we denied this question, declared that "a cooperative leadership style minimizes the inertia of employees, whereas an authoritarian leadership style would increase the inertia" (Respondent 8 28.02.2018).

As approaches on how to cope with changes and minimize the inertia by employees, the interviewed experts frequently stated the high importance of communication. "You need to talk with your employees and address the change in order to make visible what the change will bring, you need to communicate a clear target and you need to communicate why this change is happening. Additionally, it is important to gather feedback from your employees and to include them actively in the process of change. Here, communication is really key" (Respondent 2 13.02.2018). Furthermore, the term high transparency was mentioned several times by the experts.

8.2.3 Strong Family Influence

Only two experts denied the question whether the influence of family members on the decision-making process hampers the cooperative leadership style. The other fourteen experts agreed that it has an influence on cooperative leadership, as can be seen in figure A30.

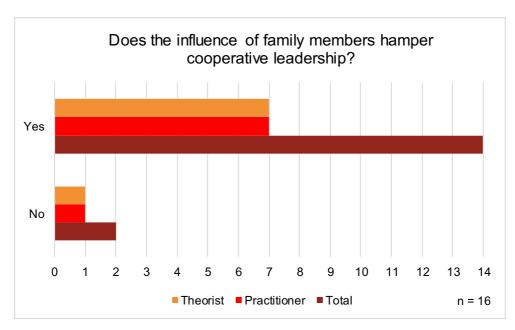


Figure A30: Influence of Family Members on Cooperative Leadership (own presentation)

One experts, who denied this question, mentioned that "the influence of family members strengthens cooperative leadership, as it is part of the value profile of FBs"

(Respondent 4 19.02.2018). Experts, who confirmed that family members may negatively influence cooperative leadership, frequently stated that the allocation of roles within the business and within the family plays an important part in order to avoid misunderstandings and to clearly allocate the responsibilities. Furthermore, one interviewee said that "every further subjective opinion complicates the decision-making process" (Respondent 11 02.03.2018). "If the family eats together on Sundays and makes decisions, the employees can bluster as they want. This is a family decision and will be implemented, no matter what the employees think about it" (Respondent 10 01.03.2018).

The following table displays the frequencies of inclusion of family members in the decision-making processes, answered by both expert groups, theorists and practitioners.

n = 16	How often are family members integrated in the decision-making process?					
	always	often	occasional	seldom	never	
Theorist	-	2	5	1	-	
Practitioner	1	3	2	2	-	
Total	1	5	7	3	-	

Table A3: Frequency of Inclusion of Family Members in Decision-Makings (own presentation)

The theorists mainly stated occasionally, as they believe that it depends from business to business and is very context-related. Regarding the persons, who are mainly involved in the decision-making processes, the answers varied from spouse and parents to brother in-law, who also own a FB. One respondent stated: "The wife is mainly the anchor point. Without a wife you cannot run a business – the wife is the grey eminence" (Respondent 2 13.02.2018).

9. Further Details to the Model of Cooperative Leadership in Family Businesses

Based on the results of the qualitative research, the adapted model of cooperative leadership in FBs also provides answers to the previously raised questions in chapter 7.2.:

How to communicate in the most effective way within the rise of written communication?

It is essential to find a proper balance between the various means of communication and set clear communication guidelines for the internal communication. Furthermore, the advantages of either the written and the verbal communication need to be used. Written communication is the best for getting fast answers, coming to an agreement or exchanging opinions. However, the verbal and personal communication has the advantage of getting a feeling of your counterpart, improving the interpersonal relations or solving conflicts.

How to overcome the different levels of technology know-how and different preferences of communication style of the workforce?

In order to avoid the rise of a gap between the different generations, it is of high importance to except the different attitudes and requirements and to deal differently with every type of employee. Furthermore, the different generations should also work together to guarantee knowledge transfer for both sides. It is also recommended to make no difference between the generations regarding speed of work or communication. Additionally, as the war of talent also plays an important role within the different generations, it is of high importance to keep the employees in the company and to also select wisely new employees.

How can decisions be made cooperatively when having flexible working arrangements?

Hereby, communication, organisation and trust are key. Within the company, it must be clearly communicated what is possible and allowed regarding flexible working arrangements. Furthermore, it must be communicated that every employee has the same opportunities in order to avoid misunderstandings and the feeling of unfairness. Additionally, the organisation of the work needs to be based on

deadlines. Consequently, trust within the employees is essential and the employees, in turn, have to show self-responsibility.

How can a leading person meet the expectations and demands of family members and at the same time perform cooperative leadership, although family influence on decisions is very strong? How can a cooperative leadership style be realized when the predecessor still exerts strong influence on decisions?

Hereby, it is essential to allocate the roles within the FB to avoid misunderstanding and to clearly allocate responsibilities. Furthermore, important decisions need to be done within the business during the week, and not on Sundays when eating with the family. Therefore, subjective opinions from family members are avoided.

How can a rather authoritarian leading person learn to make decisions cooperatively with the employees?

For a leading person who rather leads in an authoritarian way, it is important to build awareness of the current leadership style and the possible consequences it has on the business and the employees. In order to change existing behaviour structures the help and expertise of a coach needs to be obtained. Nevertheless, the most important point hereby is that the leading person is ready and willing to change.

How can employees learn to make decisions cooperatively after never being responsible for any decisions? How is it possible to overcome this insecurity and inertia of both, leading persons and lead persons?

In order to cope with changes and insecurity, communication is very important. Leaders need to address and visualize the change as well as to clearly communicate the goal and the reason of the change to keep transparency high. Furthermore, employees need to be actively involved and need to have the feeling to be important for this changing process. Additionally, to lead cooperatively, it is necessary to overcome the resistance and inertia by communication.

How can the subsystem family be formed to act as protective shield? What does the subsystem ownership need to do to be a protective shield for cooperative leadership?

Family members and owners can act as protective shield, if they have great level of know-how and expertise about the FBs and the industry and if the role allocation is clear. Additionally, the bigger, the more harmonious and the more stable the structures within the family and the ownership circle are, the better it is to compromise between the exogenous influencing factors. Consequently, within sole ownership the function of the protective shield decreases. Furthermore, the business itself needs to take centre stage and not the family or the interests of the owners, so it needs to be acted in the sense of the success of the business. It is also essential that the family members and owners communicate intensively with each other and discuss the possible effects of the exogenous influencing factors beforehand.

What are the downsides of these protective shields?

Trends and changes may be left out and not considered within the business, which may hinder the development of the business. The protective shield may also lead to the situation that decisions are made beforehand within the family or the owners, and therefore, employees may be left outside.

10. Further Details to the Tool for Leading Persons in Family Businesses

This chapter represents the leadership style questionnaire that is used within the tool for leading persons as well as the recommendations the tool provides for a cooperative leadership style and its influencing factors.

10.1 Questionnaire of the Tool

- 1. Wenn es ernsthafte Konflikte innerhalb des Teams gibt:
- A. Erinnere ich jeden daran, dass wir Ziele zu erreichen haben. (1)
- B. Bringe ich meine Leute zusammen, um darüber zu reden. (2)
- C. Lasse ich sie für sich selbst arbeiten, damit sie sich nicht gegenseitig ärgern.
 (3)
- 2. Ich vertraue meinen Teammitgliedern:
- A. Sehr stark. (3)
- B. Ziemlich. (2)
- C. Überhaupt nicht. (1)
- 3. Einige meiner Leute sind sehr fähig und motiviert:
- A. Ihnen kann freie Hand gelassen werden für den Einsatz ihrer Fähigkeiten. (3)
- B. Sie halten oft kreative Planungssessions mit mir. (2)
- C. Sie unterliegen den selben Arbeitsplatzstrategien und -prozessen wie jeder andere. (1)
- 4. Der beste Weg um sicherzustellen, dass mein Team Ziele erreicht ist:
- A. Direkte Führung. (1)
- B. Die Beteiligung jedes einzelnen zu fördern. (2)
- C. Oft und an viele zu delegieren. (3)
- 5. Wir haben eine acht-Stunden Deadline für ein Projekt, dass vermutlich 16 Stunden braucht, also:
- A. Übermittle ich die Deadline und lasse sie beginnen. Sie wissen schon, was sie tun. (3)

- B. Frage ich mein Team was Sie als den schnellsten Weg erachten. (2)
- C. Gebe ich jedem Teammitglied Anweisungen und Deadlines. (1)
- 6. Schlechte Leistungen sollten:
- A. Bestraft werden, so dass es nicht mehr vorkommt. (1)
- B. Mit jedem einzelnen durchbesprochen werden, damit man daraus lernt. (2)
- C. Nicht beachtet werden. Es wird sich von alleine lösen. (3)
- 7. Ich möchte eine neue Social Media Strategie entwickeln und anwenden, also:
- A. Überlege ich mir selbst die Strategie und überzeuge mein Team davon. (1)
- B. Erkläre ich meinem Team die Herausforderung und bitte sie um Vorschläge. (2)
- C. Übergebe ich meinem Team das Projekt und lasse sie mit einem Plan zurückkommen. (3)
- 8. Entscheidungen möchte ich:
- A. Meinem Team überlassen. (3)
- B. Erst fällen, nachdem ich die Meinung des Teams eingeholt habe. (2)
- C. Selbst fällen nachdem ich dem Team meine Überlegungen dazu mitgeteilt habe. (1)
- 9. Ich habe ein neues Teammitglied, also:
- A. Lasse ich sie/ihn herausfinden, wie er/sie am besten arbeitet. (3)
- B. Hole ich sie/ihn in die Gemeinschaftsprojekte und Teamsitzungen herein. (2)
- C. Setze ich mich mit ihr/ihm hin bis die Prozesse und die erwartete Qualität verstanden werden. (1)
- 10. Ich denke großartige Führer:
- A. Wissen es am besten. Deshalb sind sie Führer. (1)
- B. Sind bescheiden und wissen, dass ein Team am besten gemeinsam arbeitet.(2)
- C. Geben ihren Teammitgliedern genug Freiraum zum Vorwärtskommen. (3)
- 11. Wenn ich gefragt werde ob ich meinem Team dienen möchte:
- A. Bin ich mir nicht sicher. (3)
- B. Sage ich ja, voll und ganz. (2)

- C. Runzle ich die Stirn. (1)
- 12. Ich bemerke, dass ein Mitglied meines Teams demotiviert ist, also:
- A. Schaue ich ihr/ihm bei ihren/seinen Aufgaben über die Schulter, um sicherzustellen, dass alles korrekt läuft. (1)
- B. Bemühe ich mich extra um ihre/seine Beteilung in Teamdiskussionen. (2)
- C. Ziehe ich mich zurück, da sie/er wahrscheinlich Abstand braucht. (3)

Results and Score Allocation:

12 - 20 Punkte:

Meistens führen Sie autoritär oder autokratisch. Sie befragen selten Ihre Teammitglieder und tendieren dazu ihnen stattdessen zu sagen was Sie wann und wie erledigt haben wollen. Dieser Stil funktioniert gut in Krisen, wenn eine Aufgabe schnell erledigt werden muss. Jedoch werden Sie Ihr Team höchstwahrscheinlich auf lange Sicht damit demoralisieren, demotivieren und ärgern. Dies kann zu erhöhten Personalfehlzeiten und Fluktuationsraten im Team führen. Ihnen werden auch eine Vielzahl an Ideen verloren gehen, wodurch Sie Innovation und Kreativität einbüßen.

21 - 27 Punkte:

Sie neigen zu einem demokratischen oder partizipativen Führungsstil. Sie tendieren dazu, die Parameter für die Arbeit zu setzen und letztendlich die Entscheidungen zu treffen, aber das Team wird dabei aktiv in den Prozess involviert. Dieser Stil kann vertrauen zwischen Ihnen und Ihrem Team aufbauen, denn sie werden sich wahrscheinlich eingebunden und geschätzt fühlen. Andererseits eignet sich dieser Stil aufgrund der Verlangsamung nicht sehr gut in Drucksituationen, in denen schnelle Abwicklung gefragt ist. Wenn Sie Widerspruch und Konflikt nicht mögen, könnten Sie mit so mancher Reaktion auf Rücksprachen zu kämpfen haben.

28 - 36 Punkte:

Ihre übliche Vorgehensweise entspricht wahrscheinlich dem delegierenden oder "Laissez-Faire" Führungsstil. Sie geben Ihrem Team in Bezug auf die Erreichung der Ziele freie Hand. Dies ist ein idealer Ansatz wenn Ihre Leute hoch qualifiziert und motiviert sind und wenn Sie mit Vertragspartnern und Selbstständigen arbeiten, denen Sie vertrauen. Wenn ein Teammitglied jedoch unerfahren oder nicht

vertrauenswürdig ist, oder wenn Sie den Überlick verlieren kann dieser Ansatz katastrophal nach hinten los gehen.

10.2 Recommendations of the Tool

If the result of 12 - 20 points is achieved, the leading person has a rather authoritarian leadership style and consequently, receives the following recommendations to change towards a cooperative leadership style:

- Give advices to the employees instead of instructions.
- Include employees in the process of decision-makings, from goal definition to the implementation of decisions.
- Listen and respect the opinions of the employees in order to give them the feeling of dignity and respect.
- Motivate employees to participate in discussions by holding regularly meetings with your employees.
- Set trust in your employees by not controlling every step of them.
- Share your responsibilities in order to motivate your employees.
- Actively gather feedback from your employees.
- Support the employees to achieve their individual goals.
- If there are different generations with different values in your company, use it
 for knowledge transfer, avoid the rise of a gap by treating them individually
 regarding speed of work, communication or working arrangements, try to keep
 your employees and wisely choose new employees.
- If there are employees from different countries in your company or if you are a global company, be aware of the different values and cultures. Use the differences of your employees by consciously deploying each of them. Avoid to raise a gap between the different cultures by treating them individually regarding speed of work or working arrangements. However, make sure that communication does not constitute a barrier.
- If the wish for more flexible working arrangements arises within your company, clearly communicate the possibilities to everyone to avoid misunderstanding.
 Make clear, what is practicable and what is not practicable. This already starts at the job interviews.
- If the written communication becomes dominant within your business, try to keep high the personal communication and set clear guidelines in order to meet

the different expectations of the employees and to make the best out of both ways of communication.

- If employees are unwilling to change and to take responsibilities, clearly communicate the goals, the reasons and the advantages behind the change and actively involve them in the process of change.
- If you share the ownership with someone, externally or family-internally, make sure that conflicts within the management are not transmitted to the business and avoid arguing it out in front of your employees. However, if the conflicts are about decisions regarding the company, make sure to involve employees and to discuss these decisions together.
- If decisions are made with family members, who are either working in the business or not, make sure that these decisions are further discussed with your employees and make sure that the role allocation within the family members is clearly given to avoid misunderstandings.
- If there are conflicts within the family, avoid transmitting these into the company in order to not involve employees and negatively influence the decision-making processes.
- Consult support from experts for leadership in FBs, like consulters, coaches or the WKO.
- Consult the model of cooperative leadership in FBs to build awareness of the structures, dynamics and influences on cooperative leadership in FBs.

A total score of the questionnaire done by a leading person between 28 - 36 points indicates a rather Laissez-Faire leadership style and therefore, he/she gets the following recommendations:

- Actively support the employees to achieve their individual goals.
- Motivate employees to participate in discussions by holding regularly meetings.
- Guide the team discussions.
- Share the responsibilities with the whole team in order to increase the motivation of your employees.
- · Actively gather feedback from your employees.
- Set trust in your employees in order to increase the employee's self-responsibility.
- Avoid being remote, but instead actively get in touch with your employees.

- Be sure to be stay in touch with your employees.
- Set goals together with your employees.
- If there are different generations with different values in your company, use it
 for knowledge transfer, avoid the rise of a gap by treating them individually
 regarding speed of work, communication or working arrangements, try to keep
 your employees and wisely choose new employees.
- If there are employees from different countries in your company or if you are a global company, be aware of the different values and cultures. Use the differences of your employees by consciously deploying each of them. Avoid to raise a gap between the different cultures by treating them individually regarding speed of work or working arrangements. However, make sure that communication does not constitute a barrier.
- If the wish for more flexible working arrangements arises within your company, clearly communicate the possibilities to everyone to avoid misunderstanding.
 Make clear, what is practicable and what is not practicable. This already starts at the job interviews.
- If the written communication becomes dominant within your business, find a
 proper balance between written and personal communication and set clear
 guidelines in order to meet the different expectations of the employees and to
 make the best out of both ways of communication.
- If employees are unwilling to change and to take responsibilities, clearly communicate the goals, the reasons and the advantages behind the change and actively involve them in the process of change.
- If decisions are made with family members, who are either working in the business or not, make sure that these decisions are further discussed with your employees and make sure that the role allocation within the family members is clearly given in order to avoid misunderstandings.
- If you share the ownership with someone, externally or family-internally, make sure that conflicts within the management are not transmitted to the business and avoid arguing it out in front of your employees. However, if the conflicts are about decisions regarding the company, make sure to involve employees and to discuss these decisions together.
- If there are conflicts within the family, avoid transmitting these into the company in order to not involve employees and negatively influence the decision-making processes.

• Consult the model of cooperative leadership in FBs in order to build awareness of the structures, dynamics and influences on cooperative leadership in FBs.

If the result of the questionnaire is between 21 - 27 points, the leading person already applies a rather cooperative leadership style. However, as the market research has shown, the leadership style in FBs is rather direct-cooperative than cooperative. Consequently, he/she receives also proposals in order to strengthen the leadership style or develop towards a more cooperative one and furthermore, gets recommendations on how to deal with the challenges of the exogenous and endogenous influencing factors:

- Support further on the employees to achieve their individual goals.
- Motivate further on employees to participate in discussions.
- Keep on sharing your responsibilities in order to hold the motivation of your employees high.
- Continuously gather feedback from your employees.
- Keep on trusting your employees.
- If there are different generations with different values in your company, use it
 for knowledge transfer, avoid the rise of a gap by treating them individually
 regarding speed of work, communication or working arrangements, try to keep
 your employees and wisely choose new employees.
- If there are employees from different countries in your company or if you are a
 global company, be aware of the different values and cultures. Use the
 differences of your employees by consciously deploying each of them. Avoid to
 raise a gap between the different cultures by treating them individually regarding
 speed of work or working arrangements. However, make sure that
 communication does not constitute a barrier.
- If the wish for more flexible working arrangements arises within your company, clearly communicate the possibilities to everyone to avoid misunderstanding.
 Make clear, what is practicable and what is not practicable. This already starts at the job interviews.
- If the written communication becomes dominant within your business, find a
 proper balance between written and personal communication and set clear
 guidelines to meet the different expectations of the employees and to make the
 best out of both ways of communication.

- If employees are unwilling to change and to take responsibilities, clearly communicate the goals, the reasons and the advantages behind the change and actively involve them in the process of change.
- If decisions are made with family members, who are either working in the business or not, make sure that these decisions are further discussed with your employees and make sure that the role allocation within the family members is clearly given to avoid misunderstandings.
- If you share the ownership with someone, externally or family-internally, make sure that conflicts within the management are not transmitted to the business and avoid arguing it out in front of your employees. However, if the conflicts are about decisions regarding the company, make sure to involve employees and to discuss these decisions together.
- If there are conflicts within the family, avoid transmitting these into the company in order to not involve employees and negatively influence the decision-making processes.
- Consult the model of cooperative leadership in FBs in order to build awareness of the structures, dynamics and influences on cooperative leadership in FBs.

11. Questionnaire for Qualitative Market Research

Introduction

At the beginning, I would like to thank you for your time and willingness to participate in this interview. I am very excited and am convinced that this interview will be a very essential contribution to the success of the research.

Within the Master Programme in International Marketing at the University of Applied Sciences Campus02 GmbH in Graz I write a research thesis with the title "leadership in family businesses - challenges of cooperative leadership". I investigate cooperative leadership in family businesses and the exogenous and endogenous factors, which influences cooperative leadership and therefore, causes challenges. I intend to verify the rankings of these influencing factors. Furthermore, I intend to approve the created model about its applicability and how a tool can support cooperative leadership.

The interview will approximately take 40 minutes. I like to single out that there cannot be any wrong answer of you.

If it is okay for you, I would like to record this conversation using a digital voice recorder. This would be a huge advantage for the transcription of the interview. In addition, I will take notes. I assure that any information is used confidentially and anonymously.

Consent from interview partner for digital recording of the conversation:					
O Yes	O No				
Personal Data					
Do you want to stay an	onymous?				
○ Yes	○ No				
Name:					
Expert Group:					
O Practitioner	○ Theorist				

Ge	ender		
0	Male	O Female	
Αg	ge Group		
0	over 18 to 25 years	O over 25 to 35 years	O over 35 to 45 years
0	over 45 to 60 years	O over 60 years	
Le	eadership in Family Bu	usinesses	
diff wir gre fol pe lite co	ferent books about this thin literature: Leaders oups and involves cor lowers. In order that leaders. Furthermore, an erature, three different leaders.	topic. However, the follow thip is a process, which mmon goals, which are eadership takes place, it important component of eadership styles by Lewin z-Faire and additionally,	there are already over 60.000 ving definition is frequently used includes influence, happens in shared by leading person and has to be recognized by other leadership is communication. In are distinguished: authoritarian this master thesis deals with cooperative leadership style.
1.	Please describe short	ly in which form you have	to do with leadership?
2.	Do you have leadersh	ip experience?	
	O Yes	O No	
	a. If yes, how mar	ny years?	
3.	What means leadersh	ip for you?	
bu are re	isinesses. A business is e in the possession of	defined as FB, if the majo natural persons, who a	rity (<50%) of the decision rights re relatives of the family and incially involved in the operative
4.	In your opinion, are the	ere differences in leaders	hip between FBs and non-FBs?

a. If yes, which differences?

Cooperative Leadership in Family Businesses

In literature, cooperative leadership is defined as mutual dependence between leading person and followers and simultaneous engagement of all involved persons.

- 5. How would you define cooperative leadership?
- 6. Do you think cooperative leadership is more difficult to apply in FBs than in non-FBs?
 - O Yes O No
 - a. If yes, why?

Exogenous Influencing Factors

FBs are exposed to exogenous and endogenous influencing factors. Whereas FBs cannot influence exogenous influencing factors, endogenous influencing factors occur within the FBs. These influencing factors can lead to internal changes, which may cause stressor situations in FBs. Consequently, the consideration of these influencing factors is essential within my master thesis, as these also mean changes within leadership. Within my master thesis, the megatrends are seen as exogenous influencing factors. Megatrends are the changes of the global environment, which consists of the socio-cultural, technological, political and economic environment. In literature, 19 megatrends are distinguished. The following list shows the megatrends, which have a direct influence on leadership in FBs.

7.	Please rate the following megatrends according to their strength of influence on
	cooperative leadership.

	very strong	rather strong	neutral	rather not strong	not strong
Connectivity	0	0	0	0	0
Demography	0	0	0	0	0
Digitalization	0	0	0	0	0
Gender-Shift	0	0	0	0	0
Globalization	0	0	0	0	0
Health	0	0	0	0	0
Human & Engine	0	0	0	0	0
Knowledge Culture	0	0	0	0	0
Mobility	0	0	0	0	0
Politics/Economy	0	0	0	0	0
Security	0	0	0	0	0
Urbanization	0	0	0	0	0
Work/Company	0	0	0	0	0

8.	According to your opinion, do	any other factors challenge cooperative leadership
	in FBs?	
	O Yes	O No

a. If yes, which ones?

The focus is now set on demography and digitalization, as these factors have been selected within the master thesis.

9.	When talking about demography, the demographic change is meant. As a result									
	of the demographic change, a multigenerational workforce occurs, which has very different values and moral concepts. Do you feel this demographic change in your company?									
	O Ye	s O No								
	a.	If yes, how do you deal with it?								
	b.	Do you think, that a multigenerational workforce is a challenge for								
		cooperative leadership?								
		○ Yes ○ No								
	c.	Why?								
10		ration Z is the youngest workforce (born after 2000) and they have th								
	•	ation to have an increased wish for flexibility at work.								
	Do yo	ou also feel this wish for more flexibility in your company?								
	O Ye	s O No								
	a. If yes, how do you deal with it?									
	b. Do you think that this call for more flexibility constitutes a challenge f									
		cooperative leadership?								
		○ Yes ○ No								
	c.	Why?								
11	Digita	lization has been chosen as exogenous influencing factor, as it is changin								
	_	ectors of the economy and therefore, also leadership. A change of a								
		ased digitalization is the disappearance of the borders of verbal and nor								
		I communication. This means that communication is more often used i								
		n form.								
		ou also experience the increased use of written communication, in form o								
	•	phones and social media?								
	O Ye									
		If yes, how do you deal with it?								
	υ.	Do you think that the increased use of written communication constitute								
		a challenge for cooperative leadership?								
	_	O Yes O No								
	C.	Why?								

Endogenous Influencing Factors

12. In literature, the following endogenous factors in family businesses are mentioned. Please rate these factors according to their strength of influence on cooperative leadership.

	very strong	rather strong	neutral	rather not strong	not strong
Conflicts regarding partner choice or in-laws	0	0	0	0	0
Gender conflicts	0	0	0	0	0
Generational conflicts	0	0	0	0	0
Inertia by Employees	0	0	0	0	0
Inertia by Leading Person	0	0	0	0	0
Influence of Third Parties	0	0	0	0	0
Interrelation of Subsystems	0	0	0	0	0
Nepotism	0	0	0	0	0
Personality of Leading Person	0	0	0	0	0
Sibling Rivalry	0	0	0	0	0
Stressors triggered by an Individual	0	0	0	0	0
Succession conflicts	0	0	0	0	0

I will now go into detail about the leadership style of a patriarch, the inertia by employees and the interrelation of family members, owners and employees.

13. Patri	archs are leading persons, who live or want to live authority, obedience,
contr	ol and strict discipline and therefore, they see the concentration of power
prefe	rred in the hands of one person.
Do y	ou think that cooperative leadership is possible under the leadership of a
patria	rch?
О уе	s O no
a.	Please substantiate your answer.
b.	If no, what would it take?
14. Inerti	a by employees describes the resistance against change and is expressed
by ir	creased appearance of repeating procedures, like working routines.
Do y	ou think that cooperative leadership is negatively influenced by inertia by
empl	oyees?
О уе	s O no
a.	Please substantiate your answer.
b.	How do you cope changes in your company?
15. In FB	s the family plays an important role and especially in decision-makings they
are ir	volved, independent if they are actively working in the business or not.
Do y	ou think that this influence of family members hamper cooperative
leade	rship?
О уе	s O no
a.	Please substantiate your answer.
16. How	often are family members included in decisions?
O alv	vays O often O random O seldom O never
a.	If always/often: Who is especially involved in decisions?

Model of Cooperative Leadership in Family Businesses

Within my master thesis a model was created with the aim to build awareness of the challenges of cooperative leadership considering exogenous and endogenous influencing factors. The model shows the three-circle-model of FBs, whereby the social system business is highlighted, as here cooperative leadership takes place. The model also consists of a dashed line, which shows the border between FB and environment and therefore, between exogenous and endogenous influencing factors. These factors are displayed by arrows.

17.	Have you	u ever seen such	n model, which	shows cooperati	ve leadership in FBs
	and its ch	nallenges?			
	O yes	O rather yes	O unaware	O rather no	O no
	a. If	yes or rather yes	, which one?		
18.	Do you	think that this	model is able	to visualize co	operative leadership
	consideri	ng the exogenou	s and endogeno	us influencing fa	ctors?
	O yes	O rather yes	O unaware	O rather no	O no
	a. Pl	ease substantiate	e your answer.		
19.	Do you th	nink that this mod	lel is able to sup	port cooperative	leadership in FBs?
	O yes	O rather yes	O unaware	O rather no	O no
	a. Pl	ease substantiate	e your answer.		
20.	Is this mo	odel logically buil	d for you?		
	O yes	O rather yes	O unaware	O rather no	O no
	a. Pl	ease substantiate	e your answer.		
21.	.How wou	ıld you rate the a	pplicability of this	s model?	
	O very u	seful O rather	useful O use	eful O rather	not useful
	O not us	eful			

22. To your opinion, what are the limitations of this model?

In theory, the assumption was made that the social systems family and ownership act as protective shield for cooperative leadership and therefore, exogenous factors

cannot influence leadership. This means that exogenous influencing factors are compromised or even dissolved, before they affect cooperative leadership. 23. To your opinion, can family members compromise these exogenous factors? O ves O rather yes O unaware O rather no O no a. If no or rather no, why not? b. If yes or rather yes, what would it take that it works? 24. To your opinion, can owners compromise these exogenous factors? O rather yes O unaware O rather no O ves O no a. If no or rather no, why not? b. If yes or rather yes, what would it take that it works? **Tool for Leading Persons in Family Businesses** Within the master thesis a tool will be created, which supports leading persons in FBs by recognizing how they actually lead. Therefore, the tool consists of a questionnaire, which enquires the current leadership style. Consequently, the tool shows, which exogenous and endogenous influencing factors affect the single leadership styles. 25. To your knowledge, does there any tool exist that enquires the actual leadership style and consequently gives recommendations, how to come to a cooperative leadership style by considering the exogenous and endogenous influencing factors? O yes O rather yes O unaware O rather no \bigcirc no a. If yes or rather yes, which one? 26. Do you think that this model can build awareness of the current leadership style? O rather no O rather yes O unaware \bigcirc no O ves a. Please substantiate your answer. 27. To your opinion, would such tool support cooperative leadership in family businesses?

O unaware

a. Please substantiate your answer.

O ves

O rather yes

O rather no

O no

28. Would you personally use such a tool?							
O yes	O rather yes	O unaware	O rather no	O no			
a.	Please substar	ntiate your answ	er.				

- 29. To your opinion, what are the limitations of such a tool?
- 30. As the main topic was cooperative leadership. Do you want to share something else with me according to this topic?

12. Conversation Guideline for Quantitative Market Research

Hello, my name is... I would like to ask you some questions about leadership in family businesses. The questionnaire only takes 10 minutes and your answers would be an important contribution to the success of a research thesis, written within the Master Programme in International Marketing at the University of Applied Sciences Campus02 GmbH in Graz. Your data and answers will stay anonymous.

General data

1.	What kind of sector a	re you in?	
	O Production	O Building Industr	y ○ Commerce
	O Tourism	O Services	
2.	In which generation is	your family busines	s?
	O 1. Generation	O 2. Generation	O 3. Generation
	O 4. Generation	○ 5.+ Generation	
3.		er of the FB? m do you share the other O spouse	ownership? O sibling O other:
4.	definitions, which you O Leadership is the c	agree most with. ontrol of a person ovence on a group in or	dership. Please choose one of these rer the activities of a group. rder to reach a predefined goal. zed by others.
5.	following statements of agree and five for do a. I take all respo	on a scale from one not agree.	your company? Please assess the to five, whereby one stands for totally

b).	Before	making	important	decisions,	the opinion of	of the e	mployees are
		gathere	ed.					
		01	O 2	○ 3	O 4	O 5		
C) .	I am re	sponsibl	e for the su	uccess of th	ne company.		
		01	02	O 3	O 4	O 5		
C	d.	Decisio	ns are n	nade in cor	nsensus wit	th all employee	∋s.	
		01	02	O 3	O 4	O 5		
e	€.	If I do r	ot do it o	on my own	, it does no	t work.		
		01	02	O 3	O 4	O 5		
f		Trust is	a good	thing, but o	control is a	better one.		
		01	02	O 3	O 4	O 5		
Q	J.	I make	all decis	ions.				
		01	O 2	O 3	O 4	O 5		
Plea	ıse	e answe	r how th	ne following	statement	ts agree to you	ur comp	any, whereby
one	st	ands fo	r totally a	agree and f	ive for do r	ot agree.		
a	ā.	I contro	ol every v	work of my	employees	s in order to av	oid mist	akes.
		01	02	O 3	O 4	○ 5		
b).	I regula	rly take	time for a p	personal tal	lk with my emp	oloyees.	
		01	02	O 3	O 4	O 5		
C) .	I attach	importa	ance on the	e fact that	every employe	e reach	nes single top
		perform	nances.					
		01	O 2	○ 3	O 4	O 5		
C	d.	I agree	commo	n goals wit	h my emplo	yees.		
		01	O 2	○ 3	O 4	O 5		
e	€.	I comm	unicate	goals and	background	d information a	bout up	coming tasks.
		01	O 2	○ 3	O 4	O 5		
f		I listen	to ideas	of my emp	loyees abo	ut solutions to	challen	ges.
		01	O 2	○ 3	O 4	O 5		
ç	J.	I know	the pers	onal intere	sts and goa	als of my empl	oyees.	
		01	O 2	○ 3	O 4	O 5		
h	١.	I know	my role	model.				
		01	0 2	O 3	O 4	O 5		
i.		I tend to	o avoid t	o make de	cisions imn	nediately.		
		01	02	O 3	O 4	O 5		

6.

	j.	I try to a	ct in the	way my	predecessor	has done it or w	ould have done it.	
		01	O 2	O 3	O 4	O 5		
_	_				. ,	•		
1.	Do yo		,	embers	in your decisi			
	O yes		her yes		O unaware	O rather no		
	a.	If yes/rat	ther yes:	How of	ten do you inc	lude family mer	nbers?	
		O alway	S	O often	O rand	dom O se	dom	
		O never						
	b.	If yes/rat	ther yes:	Which 1	family membe	r do you mainly	involve? (multiple	
		answer p	oossible)					
		O father	O m	other	O spouse	O sibling	O other	
	C.	If yes/rat	ther yes:	Is this f	amily member	actively workin	g in the business?	
		O yes	O rath	er yes	O unaware	O rather n	o O no	
8.	You n	ow hear s	statemer	ıts abou	t cooperative	leadership. Plea	se rate these from	
	one to	five, whe	ereby on	e stands	s for I totally a	gree and five fo	r totally not agree.	
	a.	Coopera	itive lead	lership i	s the mutual d	lependence bet	ween leading	
		person and employees.						
		01	O 2	O 3	O 4	O 5		
	b.	Coopera	itive lead	dership	is the simulta	neous engagen	nent of all persons	
involved.								
		01	O 2	O 3	O 4	O 5		
	C.	Coopera	itive lead	lership r	equests clear	decision guidel	ines.	
		01	O 2	O 3	O 4	O 5		
	d.	Coopera	itive lead	lership h	nelps to place	family-internal	and family-external	
employees on the same level.								
		01	O 2	O 3	O 4	O 5		
	e.	Coopera	itive lead	lership i	ncreases the i	mutual respect.		
		01	O 2	03	O 4	O 5		
	f. Cooperative leadership only works with clear hierarchical structu							
		01	O 2	03	0 4	O 5		
	q.	Within co	ooperativ	/e leade	rship all decis	ions are made t	ogether.	
	J	01	0 2	O 3	0 4	O 5		

9.	The demographic change leads to a multigenerational workforce, which has different values. Do you experience the demographic change in your company?							
	O yes	O rather yes	O unaware	O rather no				
10.	-	hink that a multigener	rational workforce	is a challenge for	cooperative			
	leadershi	•		0 "				
	O yes	O rather yes	O unaware	O rather no	O no			
11.	.Do you	experience the incre	eased textualisati	on of communica	tion in your			
	company	, e.g. by social media	or smartphones?					
	O yes	O rather yes	O unaware	O rather no	O no			
12.	.Do you th	nink that the increase	in written commu	nication constitutes	s a challenge			
	for coope	erative leadership?						
	O yes	O rather yes	O unaware	O rather no	O no			
13.	.Do you e	experience the increas	sed wish for more	e flexibility at work	, like flexible			
	working hours or flexible working places in your company?							
	O yes	O rather yes	O unaware	O rather no	O no			
14.	.Do you t	hink that the increase	ed wish for more	flexibility at work	constitutes a			
	challenge	e for cooperative leade	ership?					
	O yes	O rather yes	O unaware	O rather no	O no			
15.	.Do you th	nink that a cooperative	e leadership helps	to overcome the	challenges of			
	a changing market?							
	O yes	O rather yes	O unaware	O rather no	O no			
16.	.Do you e	xperience inertia by yo	our employees in	your company?				
	O yes	O rather yes	O unaware	O rather no	O no			
47	D				-h-ll			
17.	-	hink that a high inertia ive leadership?	a by your employ	ees constitutes a (challenge for			
	O yes	O rather yes	O unaware	O rather no	O no			

3. How strong do you rate the influence of a patriarch's personality on cooperative leadership?							
O very strong O rathe	r strong O neutral	O rather not strong					
O not strong							
19. Would you consult a me	odel, which visualizes	cooperative leadership and its					
challenges considering e	challenges considering exogenous and endogenous influencing factors?						
O yes O rather yes	O unaware	O rather no O no					
20. Would you consult a too	ol, which shows you yo	ur current leadership style and					
consequently, gives you	consequently, gives you recommendations on how to come to a cooperative						
leadership by considering	leadership by considering the exogenous and endogenous influencing factors?						
O yes O rather yes	O unaware	O rather no O no					
21.To which age group do you belong?							
O over 18 to 25 years	O over 25 to 35 years	O over 35 to 45 years					
O over 45 to 60 years	O over 60 years						
Gender (only answered by interviewer)							
O male O female							

Thank you very much for your time and your contribution to the research in the field of leadership in family businesses!

13. Project Plan

13.1 Milestone Plan

	PSP	Milestones	Planned	Adapted	Actual state
MS 1	1.1	Start of the MT	11.09.2017	11.09.2017	11.09.2017
MS 2	1.3	Meeting MD	22.09.2017	22.09.2017	22.09.2017
MS 3	1.5	Submission of Documents for MS I	20.10.2017	20.10.2017	20.10.2017
MS 4	1.7	MS I	27.10.2017	27.10.2017	27.10.2017
MS 5	2.10	Theoretical Part finished	08.01.2018	08.01.2018	02.01.2018
MS 6	2.13	Meeting MD	15.01.2018	15.01.2018	15.01.2018
MS 7	2.16	Submission of Documents for MS 2	19.01.2018	19.01.2018	19.01.2018
MS 8	2.18	MS 2	26.01.2018	25.01.2018	25.01.2018
MS 9	3.3	Meeting MD	29.01.2018	29.01.2018	29.01.2018
MS 10	3.4	Questionnaire & Guideline done	30.01.2018	30.01.2018	30.01.2018
MS 11	3.7	Interviews & Survey done	02.03.2018	02.03.2018	13.03.2018
MS 12	3.9	Market Research completed	28.03.2018	28.03.2018	28.03.2018
MS 13	3.10	Meeting MD	28.03.2018	28.03.2018	29.03.2018
MS 14	3.15	Practical Part completed	08.04.2018	08.04.2018	05.04.2018
MS 15	3.16	Meeting MD	09.04.2018	09.04.2018	06.04.2018
MS 16	3.18	Submission of Documents for MS 3	13.04.2018	13.04.2018	13.04.2018
MS 17	3.20	MS 3	20.04.2018	20.04.2018	19.04.2018
MS 18	4.4	Ceremony for Research Grant	09.05.2018	09.05.2018	09.05.2018
MS 19	4.5	Submission of MT	14.05.2018	14.05.2018	14.05.2018

Table A4: Milestone Plan (own presentation)

13.2 Project Plan

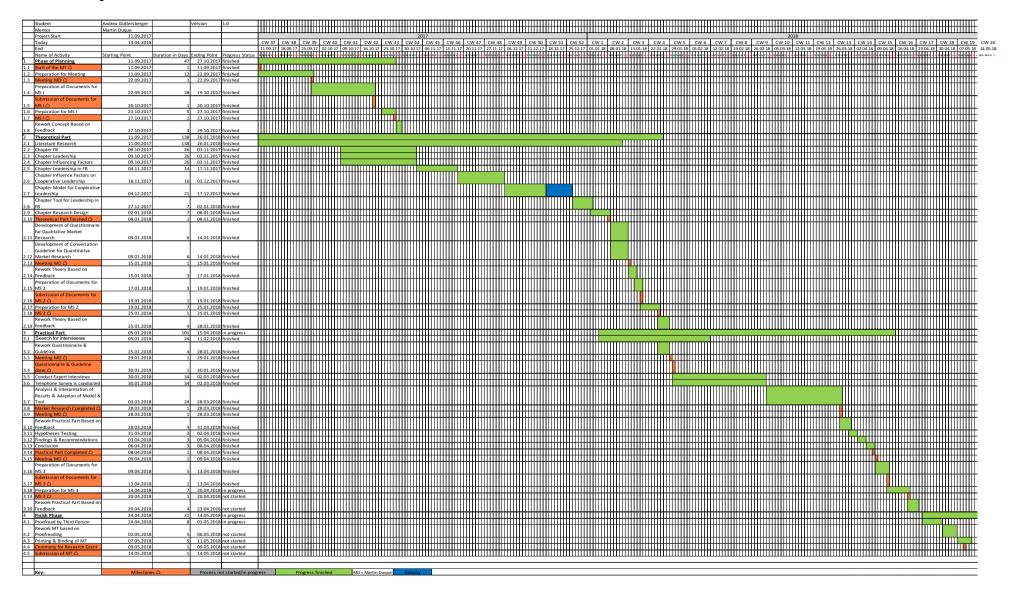


Figure A31: Project Plan (own presentation)