

Ten Clarenwater Thesis Award 2020

Dutch Centre of Expertise in Family Business



Introduction

This booklet presents the results of the 5th edition of the Ten Clarenwater Thesis Award. The Dutch Centre of Expertise in Family Business, part of Windesheim University of Applied Sciences, is happy to organize this award for theses written on the topic of family businesses.

One of the distinguishing factors of family businesses is the overlap between the family, the business and ownership. These systems interact and are interdependent of each other and this has an impact on strategic issues in the business and of the functioning of the family as well. Research will help to better understand these dynamics and to develop instruments to deal with them. Knowledge dissemination is important to make sure that new insights reach the target group, family businesses, advisors and students.

The Dutch Centre of Expertise in Family Business focuses on knowledge development and knowledge dissemination to strengthen the entrepreneurial power of family businesses. The research domain of family businesses is a relatively young discipline, in which the Dutch Centre of Expertise in Family Business at Windesheim has a strong position in the Netherlands. The focus on applied research makes the centre unique. The activities of the centre are funded by Windesheim in combination with external funding from grants and projects.

Summaries of the winning theses can be found in this document. Full theses are available.



Dutch Centre of Expertise in
Family Business



Ten Clarenwater Thesis Award 2020:

Jury report BSc thesis

In this memo, the jury of Ten Clarenwater BSc Thesis Award 2020 reports the winner and runner up of the bachelor thesis award. In addition, the selection process is briefly described.

The jury consisted of:

- **Gijs Hemmink**, 3rd generation family member and manager sustainability and digital at *Hanzestrohm*.
- **Stendert de Vries**, business owner of TopLevelPunt and SME advisor at *Kennispoort Region Zwolle*.
- **Dagmar Hattenberg** (chair), researcher in Entrepreneurship and Small Business Management at *University of Groningen*.

The jury had the joyful task to read five very interesting bachelor theses and the very difficult task to determine the winner. **The following bachelor theses were assessed:**

- **Lars Bartsch**, from *University of Groningen* in the Netherlands, looked at the impact of innovation on internationalization of family firms.
- **Francesco Frontani**, from *ESCP Business School* in France, conducted research on the role of innovative corporate purposes in developing a competitive advantage and creating economic and social impact.
- **Theresa Grillo**, from *WHU Otto Beisheim School of Management* in Germany, explored the behaviour of family firms towards internal and external sources of innovation.
- **Annick de Groot**, from *Windesheim University of Applied Sciences*, investigated how religious beliefs impact strategic decision-making during internationalization processes.
- **Daniel Welz**, from *WHU Otto Beisheim School of Management* in Germany, performed a systematic literature review on the orchestration and allocation of resources in innovation processes in family firms.

As every year, the quality of the bachelor theses was extremely high. Multiple family business related topics were researched – varying from internationalization and decision making to religious influences – and multiple methods were used, varying from extensive desk research to questionnaires and interviews. The jury was very much impressed by both the content as the rigor of the submitted bachelor theses. At the same time, this made the decision to come to a winner and a runner-up, tremendously difficult. Yet, after careful deliberation, many readings, and fruitful discussions, a first, second and third best thesis has been concluded upon.

We would like to congratulate Francesco Frontani with receiving the jury's decision, winning the bachelor thesis Ten Clarenwater award. From a business perspective, the jury was unanimous in concluding this thesis to be a 'must read' for all family business owners. Building on a thorough qualitative analysis, Francesco showed to be able to draw practice-oriented conclusions and provide both practice and academia with tangible future handles. Particularly, by analyzing innovative and well-known established organizations, clear guidelines were provided to the reader regarding "how to move forward in a family business". Not unimportantly, the thesis has been written in a very accessible manner, allowing even non-experts in the field to understand the purpose of the thesis.

As a runner up, we would like to congratulate Theresa Grillo with her thesis on innovation in family firms. Theresa has been able to rigorously research the German family business landscape, using a strong qualitative approach.

Lastly, we would like to highlight the well-written and researched work of Annick de Groot, as he has focused on a highly innovative topic, introducing religious beliefs in the family firm context. His work is built on a strong academic research method, which we as a jury highly applaud.

Gijs Hemmink

Stendert de Vries

Dagmar Hattenberg

Ten Clarenwater Thesis Award 2020:

Jury report Master thesis

In this memo, the jury of Ten Clarenwater Master Thesis Award 2020 reports the winner and runner up of the bachelor thesis award. In addition, the selection process is briefly described.

The jury consisted of:

- **Albert Jan Thomassen**, Director of *Family Business Netherlands* (FBNed). The national interest organisation for family businesses.
- **Machiel Gosschalk**, Senior Manager Family Business and Next Gen Leader at *BDO*, an accountant and advisory company.
- **Dr. Lex van Teeffelen** (chair), Professor of applied science in financial and economic innovation at the *Utrecht University of Applied Science*.

The jury was pleasantly surprised to review nine well written master theses. The contenders originate from five different countries. Italy was best represented this year with the majority of the contributions. Yet also Irish, German, Belgian and Dutch universities competed. The jury wishes to thank all candidates and their mentors for their participation. The following master theses were assessed:

- **Alessandro Ravassi**, from the University of Bergamo in Italy, explored the impact of divorce on family firms.
- **Andrea Buratti**, from the University of Bergamo in Italy, investigated the effect of identification of family members with the firm on the entrepreneurial orientation and performance.
- **Martina Brophy**, from the DCU Business School in Ireland, looked at identity and gender of female leaders in family businesses.
- **Rosemary Steenbeek**, of Free University Amsterdam in the Netherlands, looked at the interplay between Christian religious values and sustainability in family businesses.
- **Liesbeth Rompelberg**, of Tilburg University in the Netherlands, has compared the familial character of succession facilities in Western-Europe.
- **Giula Galizzi**, From the University of Bergamo in Italy, has researched the paradox between innovation and tradition in family firms in the luxury-clothing sector.
- **Lorenzo Cervello**, from the University Carlo Cataneo in Italy, looked at environmental social and governance disclosure in family firms.

- **Carolina Zucco**, from the University Carlo Cataneo in Italy, studied the role of innovation in family firm growth.
- **Julia Kost**, from WHU Otto Beisheim School of Management in Germany, researched how family firms cope with crises.

All jury members are researchers and/or consultants and are actively involved in national family firm policies. So, our perspective was not purely academic, but we also looked into the relevance from a policy and practical perspective. In general, this jury likes to encourage academic researchers and even more so their mentors for a better balance between academic rigor and relevance. Now academic rigor and theoretical contributions prevail. Too little attention is given to both policy and practical implications. To improve future EU policies on family firms more intervention and evaluation driven designs are to be preferred. Though the jury understands the struggle to assess reliable data. More ex-ante research following the implementation of new policies with control groups might be one of the solutions.

Though not one of the price winning theses, the jury likes to recommend Martina Brophy's thesis on the "The Gendered Identity Work of Women Leaders in Family Business" with a honorable mention. As both a highly relevant and a well-documented case study on female succession and leadership in family firms. No doubt the promising insights will contribute to larger European studies. The tipping point for the jury was the limited external validity.

This jury had a keen eye on the innovativeness and performance of family firms. This is not only a concern and highly discussed area in family firm research. It is also a necessary condition for any firm to survive in the rapid transition to a more circular and digital economy. Inter twinning two major theoretical perspectives, having an excellent sample and analysis, and a potentially rich basis for practical implications, the Ten Clarenwater Master Thesis Award first prize winner in 2021 is Andrea Buratti. Congratulations Andrea with this achievement. This honor is of course shared with your mentor professor Tommaso Minola and the University of Bergamo.

Your master thesis shows how socioeconomic wealth can interfere with innovation strategies and the performance of family firms. The study also shows that strongly future oriented family firms are less vulnerable in transitions. The jury considers your thesis "The Effect of the Identification of Family Members with the Firm on Entrepreneurial Orientation and Performance" as excellent example to integrate widely researched entrepreneurial, business and economic frameworks within family firm specific conditions.

The jury also selected a runner-up, a second prize, for a well written and very structured analysis of inheritance and gift tax relieves in the case of transfer of ownership of a family business. An important government policy in many countries to secure family business continuity. The Ten Clarenwater Master Thesis Award second prize winner in 2021 is "Het familiale karakter van bedrijfsopvolgingsfaciliteiten in West-Europa" (the family nature of business succession facilities in Western Europe) by Liesbeth Rompelberg. The jury congratulates you, and your mentor professor Jan Nieuwenhuizen from Tilburg University with this achievement. Your master thesis is a very good example of the importance of family business policy research in an international context. The comparison of five Western-European member states provides a thorough analysis of succession facilities and provides policy recommendations on both a European level as well as a national level. With awarding

you with the second prize the jury also wants to stimulate students as well as researchers to develop a new field with family business research: family business policy research.

Albert Jan Thomassen

Machiel Gosschalk

Lex van Teeffelen

Members of the jury | Bachelor



Gijs Hemmink

Third generation family member and manager sustainability and digital at *Hanzestrohm*.



Stendert de Vries

Business owner of TopLevelPunt and SME advisor at *Kennispoort Region Zwolle*.



Dagmar Hattenberg (chair)

Researcher in Entrepreneurship and Small Business Management at *University of Groningen*.

Members of the jury | Master



Albert Jan Thomassen

Director of *Family Business Netherlands* (FBned). A national interest and network organisation for family businesses.



Machiel Gosschalk

Senior Manager and Next Gen Leader at *BDO*, an accountant and advisory company with a specific focus on family businesses.



Dr. Lex van Teeffelen (chair)

Professor of applied science in financial and economic innovation at the *Utrecht University of Applied Science*.

Summary of the thesis of

Francesco Frontani

Renovating Capitalism through Corporate Purpose in Organizations:
The Italian Cases of Brunello Cucinelli and Lavazza, Compared to the
Opinions of the Academia



Winner of the Bachelor thesis award

Capitalism as an economic system was developed as an agglomeration of the values of economic freedom, fair competition, efficiency of companies and individuals, and improvement of the economic and social system. However, recent global dynamics on this front have exposed major, global challenges, ranging from stagnant income and social inequalities to a shrinking competition in markets, from an unbalanced consideration of workers' conditions to the environmental degradation. Considering two major Italian entities as examples of organizations embodying a solid corporate purpose within their business models and operations, this thesis aims at reproposing the founding values of capitalism as an economic system designed to improve the standards of living of men as economic and social animals, constituent of the intrinsic values of reciprocity and dignity.

With the aim of demonstrating the initial scope of this work, qualitative research was conducted; through various interviews, this work examines the opinions of the chief executives of the scrutinized companies, considers the neutral point of view of a major strategy consulting firm and, finally, includes the academic perspectives of professors and authors from two globally renowned universities.

Through these considerations and the illustration of the two examples of purpose-led, family-owned organizations, the paper demonstrates how the implementation of an innovative corporate purpose today is not only a model for companies to solve major economic and social challenges, but also one to achieve an unparalleled competitive advantage in their industries. In fact, it is shown how firms may grow exponential market share and reach record revenues, while applying innovative visions and responsible corporate cultures.

The purpose-led transformation of a company may start by understanding its unique talents and the need in the world those talents are capable of fulfilling: the point of interception between these represents the organization's purpose (Aristotle). In order to integrate the firm's purpose within its business model and operations, different approaches are illustrated in the paper: examples include means of ownership (ensuring the stability of ownership required to fulfil its purposes, by holding a significant portion of shares on the long-term), corporate governance (establishing board governance arrangements - board composition, training, diversity, committees - that promote the successful adoption and implementation of its purpose), performance measurement (signing up to a standardized set of metrics that assess the extent to which they fulfill corporate purpose as a key to performance), and investment (by investing resources in research & development for purpose-aligned projects and/or in support of communities). Such approaches imply that corporates' business models shift towards value creation for all stakeholders, parallelly to shareholders. Consumers,

institutions, and the public opinion are demanding such shift, and governing institutions alone are not capable of solving globally pressing issues. A new conception on how profit is grown and where it is invested shall therefore govern corporations, and that is confirmed by the shift of global financial markets towards purpose valuation; investors and pension funds are starting to seek for companies which demonstrate the ability to answer global economic, social, and environmental issues, since long-term, stable, and safe growth is in their core interest.

Therefore, the thesis demonstrates that leveraging corporate purpose as a lens on corporate decision making not only drives private organizations towards addressing globally pressing issues, but also represents the competitive advantage of tomorrow. Companies are profit-seeking groups of individuals that seek impact and meaning, and corporate purpose is what enables them to deliver meaningful growth, while improving the state of the world.

Summary of the thesis of Theresa Grillo



Innovation in Family Firms: A Qualitative Analysis of the Behavior towards Internal and External Sources of Innovation

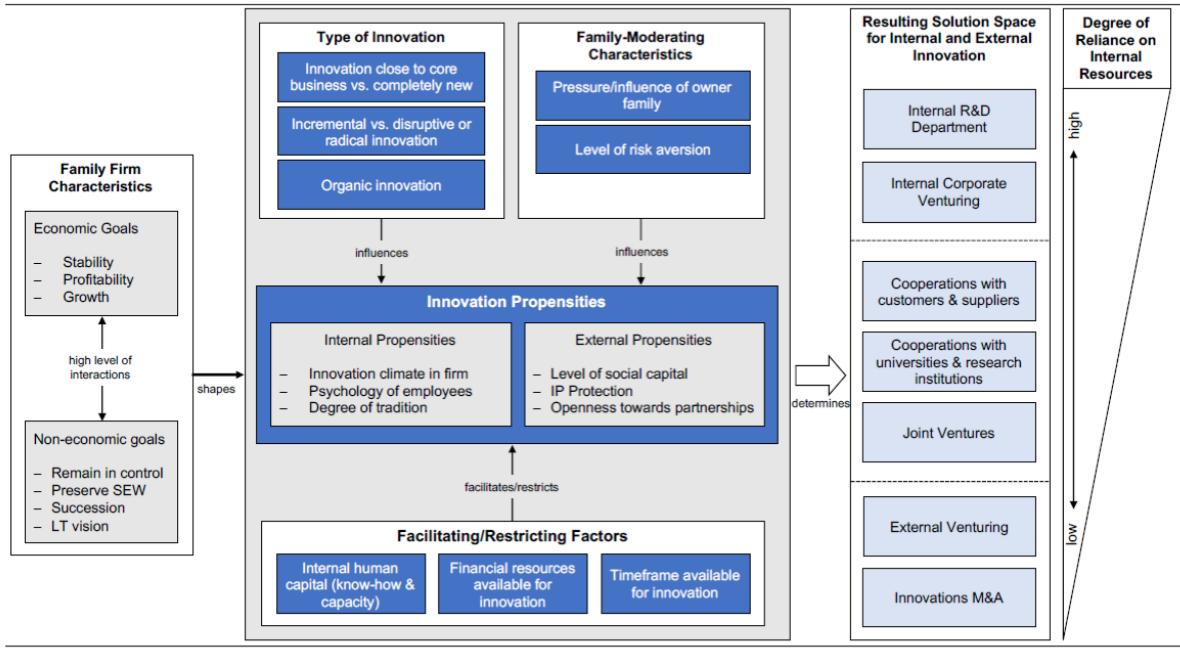
Runner up of the Bachelor thesis award

Family firms play a significant role in the German economy, since 90% of companies in Germany are family firms and they provide 60% of employment (Stiftung Familienunternehmen, n.d.). Family firms are different to non-family firms and deserve a special place in research as they are characterized by certain non-economic goals that influence their decision making. Additionally, the topic of innovation is a deeply relevant topic across all industries. Literature has found out that family firms invest less in innovation than their non-family firm counterparts, (Chrisman & Patel, 2011) but are in fact more effective in their process of innovation (Duran, Kammerlander, Essen & Zellweger, 2016).

The aim of this thesis was therefore to research the innovation behavior of family firms and identify certain overarching characteristics and factors that influence the decision-making process regarding combining internal and external sources of innovation. If so, how should family firms decide which sources of innovation they want to engage in? So far, in existing literature scholars have only studied this question for a specific industry or only focused on one possible source of external innovation. Therefore, this thesis aims to close this gap by focusing on a very heterogenous sample of 15 German FFs that were interviewed on their behavior towards engaging external sources of innovation (i.e., Innovations M&A, joint ventures, corporate venturing) in addition to their internal R&D Department.

After careful analysis and coding of the interviews, I was able to derive important findings that led to theoretical contributions as well as practical implications. Theoretical contributions are given by firstly illustrating all the different sources of internal and external innovation that are currently used across the sample of different family firms. A general trend across the sample of interview partners that could be observed was that the largest family firms in terms of revenues, had also incorporated the biggest variety of external innovation sources. Nevertheless, although there is a trend towards employing external sources of innovation, most innovations are still generated and carried out by the internal R&D Departments in the family firms.

Secondly, the most important propensities towards internal or external sources of innovation have been identified and connected with the factors that influence the decision-making of family firms concerning innovation. The resulting patterns are the main findings of this qualitative research and were assembled into the process model below. The model gives an overview of the identified factors and the resulting solution space for internal and external sources of innovation.



Source: own illustration based on coding scheme of interview sample

Resulting from this, when evaluating the innovation process, researchers and family firms can use the model to identify the most important factors to consider in the decision-making process of innovation. Furthermore, they can study the possible internal as well as external sources of innovation and decide, which one would be most beneficial for them depending on individual characteristics and the current situation they are in. Additionally, it serves as a source of information and inspiration by getting familiar with the different sources of innovation that are already employed by other family firms. This should facilitate their innovation process and challenge them to reflect on their current innovation strategy.

Summary of the thesis of Andrea Buratti

The effect of the Identification of Family Members with the Firm on Entrepreneurial Orientation and Performance



Winner of the Master Thesis award

The aim of the thesis is to address the literature gap on the way sources of heterogeneity in Family Firms (FFs) can change the outcome of the Entrepreneurial Orientation (EO) modalities by comparing the performances of different organizations with respect to their characteristics.

The interest originally arose from the intuition that family ties among shareholders may change how ownership relates to the management of the business, also in terms of emotional and cultural factors. As this phenomenon has proved, any further study on the firms' behaviour could not avoid distinguishing between been family and non-family firms, as well as among different kinds of FFs.

EO is a construct to describe the strategic modalities of business organizations in entrepreneurial activities, which are considered a fundamental aspect for firm that want to succeed in many environments, especially in the challenging and volatile ones. It can be seen as a composition of dimensions of which the most recurring are innovativeness, risk taking, proactiveness, competitive aggressiveness and autonomy.

On one side, a source of tension in literature is the choice of model to define EO, both regarding the number of components and the type of bounds between them. On the other side, the gap in literature about role of heterogeneity with respect to the outcome of the EO comes from the overly generic variables often used to represent the family influence on the organizations behaviour and decision making.

To consider the heterogeneity the Socioemotional Wealth (SEW) perspective is adopted as a theoretical framework. Out of the 5 dimensions on which this perspective is typically based, the focus in this thesis is on the Identification of Family Members with the Firm, which offers a specific measure of identity integration between the family and the organization.

EO result to be a complex framework were all the dimensions may impact the firm performance differently, strongly influenced by the context but not always directly. Different combination of EO dimensions' levels, changing the Identification of Family Members with the Firm level, may lead to positive effects on performances. So, this study shows that the key point to explain differences in performance is the coherence among the different dimensions and with respect the context.

The concept elaborated could be a powerful tool for managers to measure and adjust their family driven organization, but it needs to be calibrated carefully according to external and internal conditions.

Both an aggressive competitive stance and a proactive search of new opportunities have a positive effect on firm performance, directly or indirectly. Therefore, family firms should generally avoid defensive strategies maintaining the status quo. While the effect of a bold and aggressive posture is not so evident, an approach that aims to lead the market and the

competition has relevant effects and is strongly influenced by the level of personal meaning and sense of belonging of the family members with respect the firm.

Managers should adopt a proactive approach in family firms where the family members show a high level of identification with the organization. It has a direct positive relation with performance and positively influence the risk propensity too, which – still in the case of high identification – is good for the Innovativeness of the company. Where, instead, the emotional owner-organization link is weaker, managers should adopt a follower position to maximize the benefit in terms of performance. Even in this case it is positive for the Innovativeness of the company, since in case of low identification it is more convenient to have a low risk-taking propensity.

In any case, more innovation implies better performance.

Summary of the thesis by

Liesbeth Rompelberg



The familial character of business succession facilities in Western Europe [thesis in Dutch]

Runner up of the Master thesis award

Due to the essential role which family businesses play in employment and in the stability of the European economy, the European Commission and the European Parliament have recommended that the legal framework supporting family business transfers should be optimized in order to avoid, for example, liquidity problems which could jeopardize the continuity of family businesses. The European Commission and the European Parliament have therefore recommended that Member States should introduce facilities to encourage the transfer of family businesses to family members and employees, and that Member States should take measures to ensure that business activities are credibly continued for a certain period after the transfer.

This thesis examined the extent to which the tax facilities for business transfers in the gift and inheritance tax of the Netherlands, Belgium, Germany, France and Spain, and in particular the subjective elements of these facilities, take into account the importance of family businesses as advocated by the EU and how these facilities could be improved for family businesses with regard to European recommendations concerning family businesses.

In the process, an analysis was made as to whether the Netherlands, Belgium, Germany, France and Spain meet the criteria set by the European Commission and the European Parliament for gift and inheritance tax facilities. This assessment shows that all analyzed Member States have taken measures that more or less meet the criteria. However, the Spanish business succession facility could still be optimized by also providing a facility for the transfer of family businesses to non-family employees. The Spanish business succession facility in the national legislation is in fact only applicable to family members. The conclusion could be drawn that a substantial diversity exists in the implementation of the facilities by the various countries.

In addition, the conclusion could be drawn that the term "family business" is not yet uniformly defined within Europe and the scope of the term "family" is interpreted in various ways. More uniformity in the national regulations of the analyzed Member States could prevent problems in border regions. This uniformity could be achieved by exchanging best practices or by formulating a European recommendation that includes concrete criteria for the benefit of national business succession facilities. This will lead to greater clarity regarding the tax facilitation of family business transfers.

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