

Ten Clarenwater Thesis Award 2019



hogeschool
Windesheim

Ten Clarenwater
Ten Clarenwater Foundation

Introduction

This booklet presents the results of the 4th edition of the Ten Clarenwater Thesis Award. The Dutch Centre of Expertise in Family Business, part of Windesheim University of Applied Sciences, is grateful for the opportunity provided by the Ten Clarenwater Foundation 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.

Ten Clarenwater Foundation supports knowledge development and knowledge dissemination of the Dutch Centre of Expertise in Family Business in order to strengthen the entrepreneurial power of the family businesses. The research 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. The additional support of Ten Clarenwater Foundation makes it possible to expand the activities of the centre and to strengthen its international focus. With a donation to the foundation business families support research and knowledge valorization from which family business owners, advisors and students can benefit.

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

Ten Clarenwater Thesis Award 2019:

Jury report BSc thesis

In this memo the jury of the Ten Clarenwater BSc Thesis Award 2019 reports the winner and runner up of the bachelor thesis award. In addition, the process is briefly described.

The jury consisted of:

- **Dr. Andrea Kuiken**, lecturer at the Faculty of Economics and Business, *University of Groningen*.
- **Hubert Tromp**, Owner of “De Arend” in Winssen. De Arend is a restaurant and offers catering and hosts events as well. It is a fourth generation family firm.
- **Dr. Astrid Kramer** (chair), assistant professor at the *Tilburg School of Economics and Management, Tilburg University*.

The members of the jury read and assessed all submitted bachelor theses and discussed them accordingly. Two guidelines were used in determining the best bachelor thesis. First, the goal of the Ten Clarenwater foundation. The foundation states that “the family system and business system 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. Applied research will help to better understand the dynamics”. Second, the following criteria were used: 1) novelty of the topic and the research findings, 2) methodology, 3) innovative and contemporary character of the thesis, 4) social relevance of the research findings, and 5) practical implications. The jury agreed unanimously on which bachelor thesis should receive the award.

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

- **Daniel Agterhuis**, from *Windesheim University of Applied Sciences*, looked at internationalization of family firms and researched to what extent family firms are reluctant to take risks in terms of export.
- **Julian van den Akker**, from *Windesheim University of Applied Sciences*, conducted research on the relation between shared ownership, decision-making and well-being of owners from Dutch small and medium sized family firms.
- **Serena Galli**, from *Free University Bolzen-Bolzano* investigated how family firms manage the internationalization process when they enter a culturally very distant context. This thesis is about entering the Asian market.
- **Menno Jansen**, from *Radboud University* researched how family input in management influences technological process innovation and organizational process innovation within family manufacturing companies.
- **Ronald Moerman**, *Aeres Hogeschool Dronten* determined how family members of the successor in family firms perceive the succession process in family-owned agricultural firms.
- **Lukas Wegener**, from *WHU Otto Beisheim School of Management* explored the interdependencies between leadership, ownership, and firm-specific operational levers and the impact on the innovation outcome in family firms.

All bachelor theses are of high quality. The students explored a variety of relevant topics in family firms, like innovation, internationalization, and succession related topics. Qualitative and quantitative research methods are used or even a mixed method approach. Each thesis offers relevant insights for family firms and family firm advisors.

After careful deliberation it was decided that the bachelor theses by Julian van den Akker and Ronald Moerman fit best with the goal of the Ten Clarenwater foundation, meaning that in their bachelor theses the dynamics within the family and how it impacts the business system is reflected. In the bachelor thesis by Julian, the methods are clearly described and a lot of data are collected. In addition, the mixed methods approach shows ambition. The perspective of “fair processes” in his bachelor thesis is interesting and promising. Ronald Moerman scores high on novelty, since he did not interview successors, but instead interviewed relatives of successors and talked about their perception of the succession process. Both theses score high on social relevance and practical implications are mentioned.

There can only be one winner and therefore the jury decided that Ronald Moerman wins the Ten Clarenwater bachelor thesis award 2019. Although succession is widely researched, Ronald chose to look at this from the perspective of relatives of the successor, which is novel. The jury is not aware of a study using the perspective from “those who did not succeed”. The bachelor thesis shows that succession is an emotional process in which important decisions need to be made, but are not (always) discussed in the family and therefore influence future family relations positively and negatively, depending on the process that is chosen by the family. The jury congratulates the winners and would like to thank all candidates for the submission of their thesis to the Ten Clarenwater Thesis Award 2019.

Astrid Kramer
Andrea Kuiken
Hubert Tromp

Ten Clarenwater Thesis Award 2019:

Jury report Master thesis

In this memo the jury of the Ten Clarenwater Master Thesis Award 2019 reports the winner and runner up of the master thesis award. In addition, the process is briefly described.

The jury consisted of:

- **Dr. Ingrid Wakkee**, professor of Entrepreneurship at *the Amsterdam University of Applied Sciences*
- **Mr. Maarten Vijverberg** (LLM), owner and family business advisor at *Clifton Finance*, an advisory firm on merger and acquisition processes
- **Prof. Dr. Albert Cornelissen** (chair), member of the Research Advisory board of *the Hague University of Applied Sciences* and former president of the board of *Windesheim University of Applied Sciences*

The goal of the Ten Clarenwater Thesis Award is to promote more widespread interest in family businesses and to encourage students to look more closely at this field and contribute to the availability of practical knowledge about family businesses through the research they do for their final study projects. The foundation states that “the family system and business system 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. Applied research will help to better understand the dynamics”.

The members of the jury independently assessed all submitted master theses and ranked them accordingly. During an online meeting on October 23 the jury discussed all master theses and selected a winner and a runner-up for the best master thesis award.

In their assessment of the theses the jury used the following criteria: 1) novelty of the topic and the research findings, 2) methodology, 3) innovative and contemporary character of the thesis, 4) social relevance of the research findings, and 5) practical implications.

The jury was excited to assess eight very interesting master theses on family businesses and had the very difficult task to determine the winner. **The following master theses were submitted by the candidates:**

- **Jacob Provoost**, from *Tilburg University* who looked at the fiscal treatment of preferred shareholders and proposes a legislative change for dealing with preferred shares.
- **Jiaying Wang**, from *the University of Groningen* who studied the effects of family firm’s heterogeneity on innovation performance based on dataset of Chinese listed firms in the manufacturing industry.
- **Luc Kuivenhoven**, from *Tilburg University* who looked at the continuation requirement in the fiscal treatment of business succession and concludes that this requirement only partly contributes to real business transfers.
- **Marc Kuijken**, from *Tilburg University* who looked at the moderating effect of family diversity ratio on the relationship between access to information and resources and supervisory board performance in family businesses.
- **Michel Heerkens**, from *the AOG School of Management of the University of Groningen* who explored the perception of freedom by managing directors in family businesses.
- **Robert Izaks**, from *the Nelson Mandela University* who investigated familiness resource pools in two South African family businesses.

- **George Koo**, from *the Nelson Mandela University* who investigated familiness resource pools in two South African family businesses.
- **Thijs Wemerman**, from *the University of Groningen* who explored why and how family businesses communicate their family nature to a certain extent in family branding.

The jury was highly impressed by the work that was done by all candidates and concluded that all submitted master theses are of high quality. All submitted theses satisfy the requirements of the Ten Clarenwater Thesis Award and deserve the qualification of good to excellent. The candidates explored a variety of relevant topics in family firms, showing the multidisciplinary character of the field. Topics varied between family branding, family as a resource, innovation and family firm heterogeneity, family diversity and supervisory board performance, the concept of freedom in family businesses and the fiscal treatment of family business succession. Both quantitative and qualitative research methods were used. The different theses offer interesting and relevant insights for family firms, family business advisors and legislation.

Despite the high quality of all theses, the jury concluded that there are two candidates that scored higher than the others in the ranking: Michel Heerkens and Marc Kuijken. The thesis by Michel Heerkens is an interesting study that is well written and touches upon a novel topic, namely the perception of freedom in family business. The thesis is very accessible and recognizable to many family business owners. The literature review is comprehensive and reveals some interesting gaps on which to focus in this thesis. The qualitative method fits well with the research questions and choices pertaining to case selection and analysis techniques (critical incident analysis) have been well argued. The results of the coding process are described convincingly and in sufficient detail. The findings show insight in the matter and help to advance our (theoretical) thinking on this topic.

The jury found the thesis by Marc Kuijken highly interesting and particularly well-written. While the issue of supervisory boards has been addressed previously the focus on team diversity dynamics is novel. The literature review is comprehensive and the arguments leading up the hypothesis are grounded in the literature and are generally sound and sufficiently convincing. The hypothesis are formulated clearly. The research method is described well and the measures that were used are derived from previous literature and seem fitting. Results are presented in a clear and accurate manner.

Of course there can only be one winner and after careful deliberation the jury agreed unanimously that the master thesis of Marc Kuijken should receive the Ten Clarenwater master thesis award 2019 and the master thesis by Michel Heerkens is the runner-up. The Master thesis of Marc Kuijken shows that it is essential for organizations to provide enough information and resources to the supervisory board, in particular when there are family members on the board as well so that they can perform better. Therefore the thesis contributes to practical knowledge about family businesses and uncovers the dynamics between the family system and the business system. The jury congratulates the winners and would like to thank all candidates for the submission of their thesis to the Ten Clarenwater Thesis Award 2019.

Albert Cornelissen
Maarten Vijverberg
Ingrid Wakkee

Members of the jury Bachelor



Dr. Astrid Kramer

(Chair), assistant professor at the Tilburg School of Economics and Management, *Tilburg University*.



Dr. Andrea Kuiken

Lecturer at the Faculty of Economics and Business, *University of Groningen*.



Hubert Tromp

Fourth generation owner of “*De Arend*” in Winssen. De Arend is a restaurant and offers catering and hosts events as well.

Members of the jury Master



Prof. Dr. Albert Cornelissen

(chair), member of the Research Advisory board of *the Hague University* and former president of the board of Windesheim University of Applied Sciences.



Dr. Ingrid Wakkee

Professor of Entrepreneurship at *the Amsterdam University of Applied Sciences*.



Mr. Maarten Vijverberg

(LLM), owner and family business advisor at *Clifton Finance*, an advisory firm on merger and acquisition processes.



Summary of the thesis by Ronald Moerman

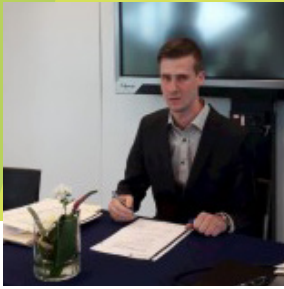
Non-Successors of an Agricultural Family Business [thesis in Dutch]

Bachelor

Business succession within a family business in the agricultural sector is a complex and difficult process. 95 percent of the failed company acquisitions are (partly) caused by (lack of) communication and emotional aspects within the family. To prevent this problem, advice and guidance during succession are offered by consultants.

However, these succession processes often focus on the current owner, the successor and the business economics aspects. Too often, the non-successors are not involved in this process, while they play an essential role in business succession. That is why this research focuses on the question what succession within a family business means for non-succeeding family members. The main question of the study is as follows: What does the succession process in an agricultural family firm mean for the non-succeeding family members? In this study, 9 qualitative interviews were held among non-successors. In these interviews they were asked how they experience certain processes within the family business.

The sample consisted of two groups: 1. a group of agricultural students who have a family business at home but are not going to succeed and 2. a group of respondents who have completed their agricultural studies and in whose family firm the succession process has already been completed. Quotations from the participants in the report show how different non-successors look at certain processes. The most important results from the research are that non-successors have a strong connection with the family business and that this can influence the choices they make in their life. Non-successors have a high sense of responsibility, which is reflected in the continuation of the family business. In agricultural families, it is important that non-succeeding family members are closely involved in the succession process.



Summary of the thesis by Julian van den Akker

Shared Ownership: Shared Concerns? [thesis in Dutch]

Bachelor

Capital-intensive companies often have shared ownership. However, it is not always easy to run a business with other family members (for example father, brother or niece). Family members are in a social relationship while they have to make economic decisions. The aim of this study was therefore to develop new knowledge around shared ownership and decision-making in agricultural family-SMEs.

The following research question was drawn up for this purpose: To what extent is there shared ownership within family-SMEs and how can this be designed so that the well-being of the owners and the (financial) performance of the company are guaranteed? Well-being here is defined by the degree to which one experiences stress in work and cooperation with others (i.e. the degree to which one feels mentally healthy). To answer this question, a survey was set up under the members of trade association CUMELA. These quantitative data were supplemented by the qualitative data of 49 previously conducted interviews with the transferee, the successor(s) and their partner(s), the non-successors and non-family employees/managers.

The results show that assets in the CUMELA-sector are on average 49.02% financed by equity, but the differences are large. Some companies are financed only with 0 to 20% equity or -at the other end of the spectrum - entirely with equity and therefore operate independent of financial providers. Respondents from the latter group indicated in the interviews that this independence not only gives peace, but also the position to buy in more sharply during an economic downturn. Strikingly, one third of the respondents is not aware of the funding structure. However, there is consensus on the desired funding in future decisions: a machine is preferably leased, while new real estate and the business succession/acquisition are preferably financed with a bank loan. A share issue is not considered desirable in any of the situations. A family loan would only be considered at the time of the transfer, the main reason being that the successor can agree conditions more favourably than with an external party. Opinions are divided as to whether a family loan should come with control. Independent entrepreneurship is also considered important.

Companies with better results are less likely to rely on the capital market. They use the profits to fund investments. The payment of dividends only happens in a few cases. On the one hand this is due to the small margins, and on the other hand to the desire to grow the family business. The results do not show a correlation between the size of an organization and the debt ratio.

In the CUMELA sector there is often shared ownership. The study shows that this has a positive correlation with stress. Bottlenecks in shared ownership arise when an owner's expectations do not match the expectations of the other owners. Joint operation in an economic environment can jeopardize the social connection of family members. The link with the next generation must also be ensured. Next-generation family members must be involved in the decision-making process and, once the baton has been handed over, be able to undertake independently. Communication is one of the main pillars of a fair process. However, the study has not shown that through a fair process – or forms of good governance for that matter – stress can be reduced.



Summary of the thesis by Marc Kuijken

Supervisory Board Effectiveness in Family Businesses

Master

Family businesses are the predominant form of business organizations around the world, and they contribute extensively to global wealth creation (Bammens, Voordeckers, & Van Gils, 2010). Therefore, good governance of family firms is critical for economic development and growth (Gabrielsson & Huse, 2005). Family governance refers to the structures and processes families use to organize themselves and guide their relationship with their enterprise, to improve organizational efficiency and market competitiveness (Berent-Braun & Uhlaner, 2010; Sarbah & Xiao, 2015).

Therefore, this paper examines the team effectiveness of supervisory boards in Dutch family firms. Every family firm has to deal with its corporate governance issues. One way to organize good governance is by installing an effective supervisory board to deal with these issues. Their effectiveness can be understood from a team effectiveness and a group dynamics perspective. The aim of this paper is to find out if family diversity within the supervisory board results in a hindering relationship between access to information and resources and supervisory board performance. Earlier research reports that family diversity are typically related with increased subgroup formation, what lead to lower group cohesion and information asymmetries, which lead to decreased board performance (Kaczmarek, Kimino, & Pye, 2011). In addition, there is a lack of sufficient empirical information within the family business literature with regard to family diversity. Furthermore, scholars have argued that supervisory boards create value by providing advice to the board of directors and need access to critical information and resources, in order to be effective (Geletkanycz and Boyd, 2011; Gabrielson & Huse, 2005; Pfeffer and Salancik, 1978). Practically, the findings of this study adds to the existing literature on how to improve the effectiveness of supervisory boards with regard to the role of information and faultlines within family businesses. Therefore, the following research question is formulated: "To what extent does family diversity within the supervisory board moderate the effect of access to information and resources and supervisory board performance?"

Family diversity ratio, access to information and resources, and supervisory board performance were measured based on a questionnaire. The final sample consisted of 102 participants. Using linear regression analysis, the results of this study found that access to information and resources are a positively related to supervisory board performance, and family diversity ratio is a negative factor for supervisory board performance. There is a reversed moderation effect for family diversity ratio such that the higher presence of family members in the board positively influences the relationship between access to information and resources and supervisory board performance, provided that the access to information and resources are also high. A lower presence of family members positively influences the relationship of access to information and resources and supervisory board performance, provided that the access to information and resources is also low.

This study filled a theoretical gap in the literature by being the first to investigate the relationship between access to information and resources, moderated by family diversity ratio. The results of this study revealed that access to information and resources predicts supervisory board performance, which becomes stronger with the family diversity ratio. These findings are in line with the theory

of faultlines, which have been applied throughout this thesis (Lau & Murnighan, 1998). The family diversity ratio strongly influences the relationship between access to information and resources and supervisory board performance. That means that the more family members represent the board, the better is the relationship between access to information and resources and the supervisory board performance. As a result, it is essential for organizations that they provide enough information and resources to the supervisory board, in particular when there are family members on the board as well so that they can perform better. Higher levels of access to information and resources and higher levels of family members on the board strengthen the effect of supervisory board performance. In the end, family firms bear in mind that allowing a higher number of family members on the board has a better effect on the relationship between access to information and resources and supervisory board performance. In the case of faultlines, it is crucial to avoid subgroup formation. All in all, this research has shown that family businesses should have high access to information and resources, which predicts supervisory board performance and family diversity ratio, either the presence of family members on the board makes this relationship stronger. As such, the article extends the faultlines perspective into the family business literature with several exciting insights for family firms' supervisory board performance.



Summary of the thesis by Michel Heerkens

Freedom in the Family Business: Farce or Force?

A Research into the Perception of Freedom in the Family Business [thesis in Dutch]

Master

It is perhaps the most typical statement made during the eight interviews in this exploratory qualitative study. This concerns the division of tasks within the family business: “no explicit agreements need to be made about this.... you do things that you know are appropriate”. It is a distinguishing factor of the family business: people know and trust each other and family members use the same values as a starting point. They have been tested against the environment.

This brings them to life and they are sealed in the family business. With the similarity in identity between company and shareholder, the passion appears in the pursuit of the goals. Those goals seem to consist of the sum of their parts; individual wishes and solutions, bound in a mixture of family values and a corresponding family identity. It offers an individual the space for a sense of autonomous activities and influence within the family business.

This is a conclusion emerging from a study based on the Critical Incident Theory among eight Managing Shareholders in five family businesses. During the conversation about 22 Critical Incidents, they made 325 statements about the freedom and autonomy they perceive in their position. In their function as director-shareholder they have different roles and interests. They are employer, family member, colleague, steward and entrepreneur. And entrepreneurs do business in part because of the desire for autonomy. This research is looking at the director-shareholders perception of freedom in a family business.

Depending on the strength of the family bond, an individual balances in considerations and decisions between himself and the family's togetherness and values (a balance expressed as Family Orientation). In that balance, the individual has only a limited and indirect influence on the distinguishing characteristics of the company, namely Familiness, through the family. The individual, together with the elements of Company and Family, forms a trinity in the form of a Venn diagram. This is the researcher and is supplemented with the element of environment. The director-shareholder takes this into account in the perception of freedom. As the values and norms within Family, Company and Individual become more similar (in the family paradigm), the individual will identify with the company and see the company as part of the “I” (defined as Psychological Ownership). This may affect the experience of freedom and affect the individual towards entrepreneurship in the family business.

The Critical Incidents ultimately showed that respondents prefer to work autonomously on task expectations and goals that have been agreed with the family on the basis of trust and that do not necessarily have to be explicit.