Profiling Family Firms in the Autonomous Region of the Azores

Perfil das Empresas Familiares na Região Autónoma dos Açores

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Abstract/ Resumo

This study aims to profile family firms located in the Autonomous Region of the Azores. Using a sample of 82 family-controlled firms, we were able to create the profile of these firms, by looking at several important profiling aspects such as ownership and governance, experience and management, and corporate culture. While other indicators are also taken into account: sector of activity, years in business, number of employees, and last year's turnover. Results show that these firms are owned and controlled exclusively by the family, and its owners and managers are the founding generation. They operate in the retail sector, have less than 10 employees, have been in business for over 30 years, and have a turnover of less than €500,000 per year. The family members show a strong sense of pride, belief and identity towards the firm and consider that the family has an important influence in the business.

Keywords: Family firms; Business profile; Autonomous Region of the Azores

Este estudo tem como objetivo traçar o perfil das empresas familiares localizadas na Região Autónoma dos Açores. Recorrendo a uma amostra de 82 empresas familiares, são analisados vários aspetos importantes na caracterização de empresas familiares, como a propriedade e administração, a gestão e experiência e a cultura organizacional. Outros indicadores são, igualmente, tidos em conta: setor de atividade, anos em operação, número de colaboradores e volume de negócios do último ano. Os resultados obtidos revelam que estas empresas são detidas e controladas exclusivamente pela família e os proprietários e gerentes são a geração fundadora. Atuam no setor do retalho, contam com menos de 10 colaboradores, encontram-se em atividade há mais de 30 anos e têm um volume de negócios inferior a €500.000 por ano. Os membros da família mostram ter orgulho, empenho e identificam-se com as empresas, considerando, ainda, que a família tem uma importante influência no negócio.

Palavras-Chave: Empresas familiares; Perfil de negócio; Região Autónoma dos Açores.

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1. INTRODUCTION

Family firms have a major impact on any economy, being responsible for the largest portion of wealth generation, along with the creation of the majority of jobs in most regions (Astrachan & Shanker, 2003; Chrisman, Chua & Sharma, 2005; Hacker & Dowling, 2012; Kellermanns, Eddleston, Barnett & Pearson, 2008; Ramadani, Fayolle, Gerguri & Aliu, 2013; Xi, Kraus, Filser & Kellermanns, 2015), playing a central role not only in a region's economy but also in its social growth (Astrachan, Zahra & Sharma, 2003). Colli, Fernández and Rose (2003) report a strong and solid presence of family businesses in most European countries.

Similarly, in Portugal family firms are responsible an important share of the gross domestic product generated annually. According to the Portuguese Association of Family Business (2014) the share of family-controlled firms is over 70% and these firms are responsible for over 60% of all jobs created nationwide. Official data sources, including *Instituto Nacional de Estatística* (2014), further underscore the importance of family firms in Portugal, reporting that these were responsible for approximately 65% of the entire turnover volume during the period between 2012 and 2014. Although family firms located in the Autonomous Region of the Azores take part in the Portuguese national statistics there is a lack of accurate data on the presence or economic impact of such firms in the region, given that the Azores statistical office does not monitor a separate category of family businesses. Even though there are no accurate statistics for the region, the importance and impact of such firms in the local economy is remarkable. These companies play a key role, not only as the main economic engine, but also as one of the most important contributors to the region's socioeconomic development.

The Azores is an autonomous region of Portugal, and one of the nine European Union regions classified as outermost or ultra-peripheral regions of the European Union (Lorinc, 2011). These regions have a particular socioeconomic context and some level of economic dependence. These specific economies are seen as weak due to the shortage of usable land, strong dependence on transport and communications infrastructure, limited natural resources and lack of skilled manpower. Their small-scale economies and reliance on a limited number of key sectors, demographic pressure and unemployment make them particularly vulnerable to internal and external economic crises (Valente, 2015). The economy in these regions becomes greatly dependent of "autochthonous" companies that are well adapted to this context, namely, family firms.

The Autonomous Region of the Azores is situated in the North Atlantic Ocean, about 1,500 kilometers from Portugal and 3,900 kilometers from the east coast of the United States, and consist of a nine volcanic islands archipelago with 246,746 inhabitants (Pordata, 2016) and a total area of 2,333 square kilometers (Petit & Prudent, 2008). According to Sánchez, Gil, Sabater and Dentinho (2011) the region's main economic contributors are public services, small and medium firms operating in retail on import value chains, and small and medium firms mainly related to agriculture, dairy farming, minor livestock ranching, and fishing. The reality of the Azores in addition to its socioeconomic particularities makes this region a fertile ground to explore several core aspects of family firms.

The challenge of profiling and characterizing family businesses remains one important debate among family business researchers and practitioners. In this study, we contribute to this debate by exploring the main characteristics of family firms located in an outermost socioeconomic context, by looking at a sample of family-owned firms located in the Autonomous Region of the Azores, Portugal. We intend to look at important profiling aspects such as ownership and governance, experience and management, and corporate culture, seeking to understand if, and in which degree, the families control the business, which family generation owns and/or manages the company, and how is family involved in the business.

This study serves the dual purpose of: (1) providing a profile of family firms located in the Azores, and (2) offering an initial dataset with relevant information on this region's family firms that can be used in future research, both by scholars and practitioners. The paper continues with a literature review on family businesses (Point 2), the explanation of methods and data collection based on 82 questionnaires (Point 3), the presentation of the data treatment and related results (Point 4) and the discussion of the results related to the literature (Point 5). The paper finished with some concluding remarks (Point 6).

2. LITERATURE REVIEW

Prior to providing any preliminary profile of family firms in a particular context, it is crucial to identify these organizations. Although the field of family businesses has been regarded as an academic discipline since the early 1990s (Bird, Welsh, Astrachan & Pistrui, 2002), only recently it has been incorporated by mainstream research (Chua, Chrisman & Steier, 2003; Stewart, 2003). One reason why family business has not been more widely accepted as a topic of research is that there is not a generally accepted definition that may help identify what constitutes and differentiates a family firm. Handler (1989, p. 32) suggests that "*defining the family business or firm is the first and most obvious challenge facing family business researchers*". To this day, almost thirty years later, this discussion is still a hot topic and the initial challenge remains, given that there is still not a widely accepted definition; instead the literature continuously reports a wide range of various definitions. Thus, addressing the "*family business definition dilemma*" (Astrachan, Klien & Smyrnios, 2002, p. 45) remains as a crucial point for the advancement of this field (Chrisman, Chua & Sharma, 2005).

According to Uhlaner (2002), part of the challenge regarding the identification and definition of family business is that it is multidimensional in nature. Accordingly, it is difficult to pinpoint one characteristic that broader enough to have the agreement of academics and practitioners. However, there seems to exist cumulative effects of various aspects of "family-oriented" company related to its objectives, strategies, and corporate culture. For this reason, several researchers have proposed definitions based on multiple criteria (Litz, 1995).

(Flören, 2002, provides an overview of more than 50 definitions of family businesses. Most definitions focus on content (e.g., Handler, 1989; Heck & Scannell, 1999). Many early definitions concerned ownership (e.g., Lansberg, Perrow & Rogolsky, 1988), management involvement of an owning family (Barnes & Hershon, 1976), or generational transfer (Ward, 1987). By contrast, recent definitions concentrate on family business culture (Chua, Chrisman & Sharma, 1999) although a number of more newly published articles have used definitions focused, once again, on family ownership and management (Anderson, Mansi & Reeb, 2003; Klein & Blondel, 2002).

Though, in the last three decades, the literature in this field has seen some evolution (Bird et al., 2002), studies on family business still show a modest improvement, despite of the growing share of this organizational segment in the market. As stated by Westhead and Howorth (2007), research into private family firms is relatively neglected, despite their significant contribution to the economy and to the society. It could be considered that this negligence derives from the fact that their major participation has been kept within local markets (Astrachan, Zahra & Sharma, 2003), because most family businesses are small. On a common sense basis, as family and small businesses are erroneously conceived as being synonymous (Bird et al., 2002), they are thought to be less interesting, which leads to prejudice and to a negative stereotype. The intense attention given to large companies by scholars is an evidence that strengthens this reflection about family business research (Carrão, Sartori, & Montebelo, 2015).

Theoretically and methodologically speaking, an important contribution in profiling family business was made by Astrachan et al. (2002), with the development of "*The Family Influence on Power, Experience, and Culture Scale*" (F-PEC), which goes beyond ownership, and assesses the influence of the family on the business, taking three fundamental variables into account: power, experience and culture.

Power refers to dominance exercised through financing the business and through leading and/or controlling the business through management and/or governance participation by the family. Experience refers to the sum of the experience that the family brings into the business and is operationalized by the generations in the firm's management and ownership. According to Klein, Astrachan and Smyrnios

(2005), the more generations, the more opportunities for relevant family memory to develop and culture refers to values and commitments. The underlying assumption is that commitment is rooted in and shaped by the value of family. Finally, the third dimension is that of culture. The F-PEC scale assesses the extent to which family and the business' values overlap as well as the family's commitment to the business, derived from a subscale developed by Carlock and Ward (2001). As observed by Klein et al. (2005) these three sources combined can lead to functional resources, including knowledge and skills.

The F-PEC authors suggest that this scale *"enables the assessment of family influence on a continuous scale rather than restrict its use as a categorical (e.g., yes/no) variable."* (Astrachan et al., 2002, p. 45). Demonstrating that through this instrument, it is possible to understand what extent family members and families may keep influence and participation on their business, which gives support to the definition of strategies aiming at a balance between both family and business needs. Furthermore, the use of this scale provides the opportunity to compare and evaluate the profile and characteristics of family firms across regions and multiple socioeconomic contexts.

In the family business literature, as addressed in this section, there is a wide assortment of proxies that have been used in the empirical literature to define family firms in research terms (Gómez-Mejía, Cruz, Berrone & De Castro, 2011). This study adopts the criterion of ownership and management control (Chua et al., 1999) to create an operational definition of family firms. A firm is classified as a family firm if: at least 75% of the shares are owned by the family and the family is responsible for the management of the company. This operational approach guarantees that the family is, *de facto*, responsible for the governance and control of the firm.

3. RESEARCH METHODS

3.1. Instrument

As addressed and discussed in point 2, an important contribution in characterizing and profiling family business was made with the development of the F-PEC scale (Astrachan et al., 2002) (see appendix A). In order to collect data, and to increase the comparability of our results with other regions, this study relies on this instrument. According the authors, this scale "*enables the assessment of family influence on a continuous scale rather than restrict its use as a categorical (e.g., yes/no) variable."* (Astrachan et al., 2002, p. 45).

This is a well-recognized instrument which goes beyond ownership, and assesses the influence of the family on the business, taking three fundamental variables into account: power, experience and culture.

The Power and the Experience dimensions were assessed by asking direct questions to the respondents, e.g., "*Please indicate the proportion of share ownership held by family and nonfamily members*.", "*Does the business have a management board?*", "*What generation owns the company?*", or "*How many family members participate actively in the business?*".

For the culture dimension two multi-item scales were used, the first to assess family influence in business, which contained three statements evaluated on a 5-point scale (where ''*not at all*'' = 1 and ''*to a large extent*'' = 5). The second multi-item scale, was utilized to gauge the culture in family business, and included ten statements. The respondents were requested to rate on a scale of 1 (strongly disagree) to 5 (strongly agree) on each of the statements. For our sample the instrument achieved a good level of reliability ($\alpha = 0.901$).

3.2. Participants

The target population of this study was family firms located in the Autonomous Region of the Azores. As discussed previously, official data on Azores' family firms is yet not available or published. Thus, this study used a convenience sample, supplied by *Sociedade para o Desenvolvimento Empresarial dos Açores*, *EPER*, (SDEA) which provided an updated overall database of the companies based in the Azores.

The used database was reorganized with the invaluable help of SDEA professionals, who were able to help us identify possible family firms. A total number of 448 family firms was selected and a survey link was sent by e-mail to the owner and/or manager with covering statement introducing the purposes of the study and guaranteeing the confidentiality of the responses. In order to control and guaranteed that the collected data came from family businesses, respondents were asked, in the first question of the survey, to report if their firm is a family business. After a three-wave e-mailing a response rate of 18.3% was obtained, resulting in a final sample of 82 valid cases, including family firms from 7 of the 9 Azorean islands (Flores, Faial, Pico, Terceira, São Jorge, São Miguel and Santa Maria). All firms included in the sample are privately-owned.

3.3. Data Collection

Respondents were asked to complete an electronic survey instrument consisting of the F-PEC scale (Astrachan et al., 2002), followed by a set of demographic indicators, including: sector of activity, years in business, number of workers, and total turnover for the last fiscal year (2015).

To control response bias, a single respondent was targeted, usually the owner or a family member with a management position within the company. This choice was made given the key role played by both owners and managers in family firms, since these are intrinsically and directly involved in the business and have first-hand information on the firm's characteristics, strategic activities and operations (Yusof & Aspinwall, 2000). The data was collected through Qualtrics web survey platform.

3.4. Data Analysis

The collected data was analyzed using Statistica 8 and SPSS 19. In order to analyze the data several descriptive statistics analyses were used to describe the basic features of the sample. These analyses offer the possibility to present quantitative descriptions in a manageable form, describing in a simple but robust way what the data shows, helping us to simplify significant amounts of data in a sensible way and matching the data analysis requirements for the study. Given the type of data obtained and the exploratory nature of this study, principal components analysis was also used, offering the possibility to explore the main dimensions related to the family business culture (i.e., values and commitments). In the next section we present the obtained results.

4. RESULTS

According to our results, the retail sector accounts for 57.3% of the total Azorean family firms, followed by small industries (14.6%), and the construction sector (11%). The remaining 17% of the family firms operate in other various sectors such as tourism, transports and services.

The majority of the companies hold less than 10 employees (63.4%), followed by 26.8% with 10 to 25 workers, and only 9.5% are responsible for employing more than 25 people.

Most family firms maintain their activity for over 30 years (30.5%), being also significant the number of companies with 10 to 20 years of activity (26.8%). Furthermore, 23.2% are in business for a period ranging from 20 to 30 years, and companies with 0-10 years of activity account for 19.5% of the family firms located in the Azores (see Figure 1).

Regarding the turnover in the last fiscal year (2015), for 61% of the companies, it less than €500,000, followed by 28% of the firms with a turnover ranging from €500,000 to €2,000,000, while 11% the Azorean family firms generated a turnover between €2,000,000 and €10,000,000.

In terms of the proportion of share ownership held by family and nonfamily members, 90.2% of the family firms located in the Azores are totally and exclusively held and managed by the family members.

Only 13.6% of the family firms have a management board, and on average the management boards compromises 3 people, being these always family members. Less than 20% (19.5%) of the firms involved in this study held shares in a holding company or similar entity (e.g., trust) (Figure 2).

Regarding the generation who owns the family firm, and as shown in Figure 3, 70.1% of the family firms in the Azores are owned by the founders (1^{st} generation). As to the generation that manages the family business, the results are similar, 56.1% of the firms are managed by the founding generation. As illustrated (see Figure 3), 24.4% and 36.6% of family business in the Azores are owned and managed by the second generation respectively.

The third generation is responsible for only 3.7% of the ownership, and 6.1% of the management in the Azorean family firms. Finally, the fourth and above family generations represent roughly 1.2% of family businesses ownership and management.

Figure 1 Years in activity of family firms

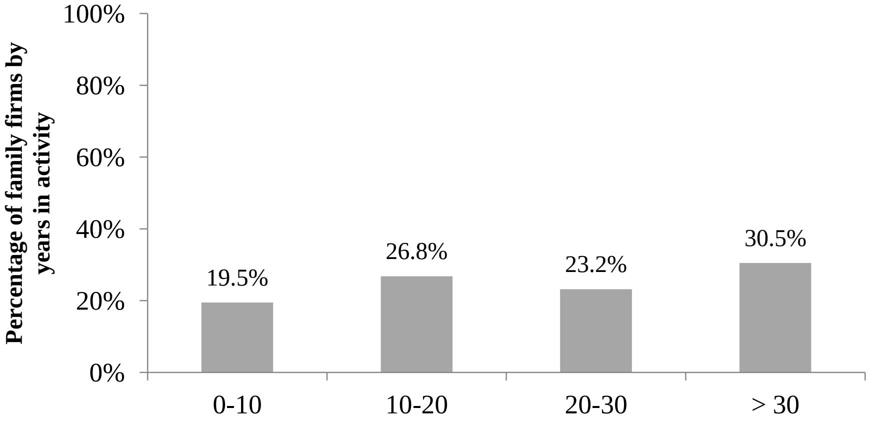


Figure 2 Family ownership and management participation

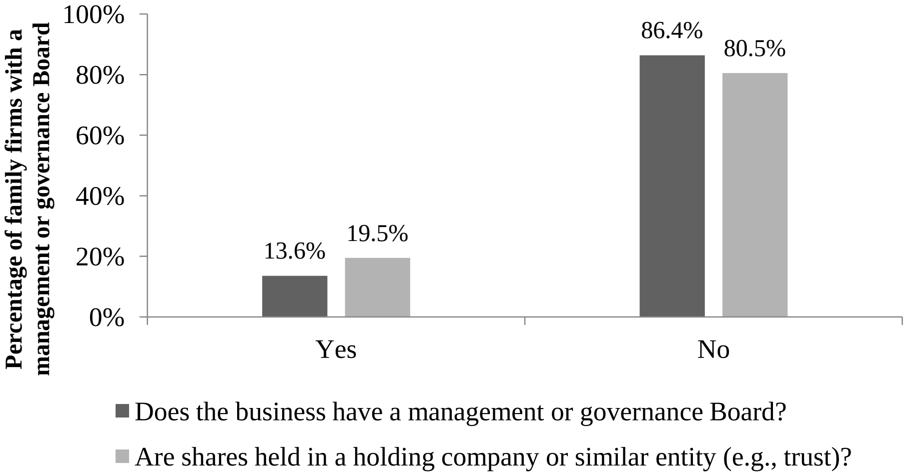
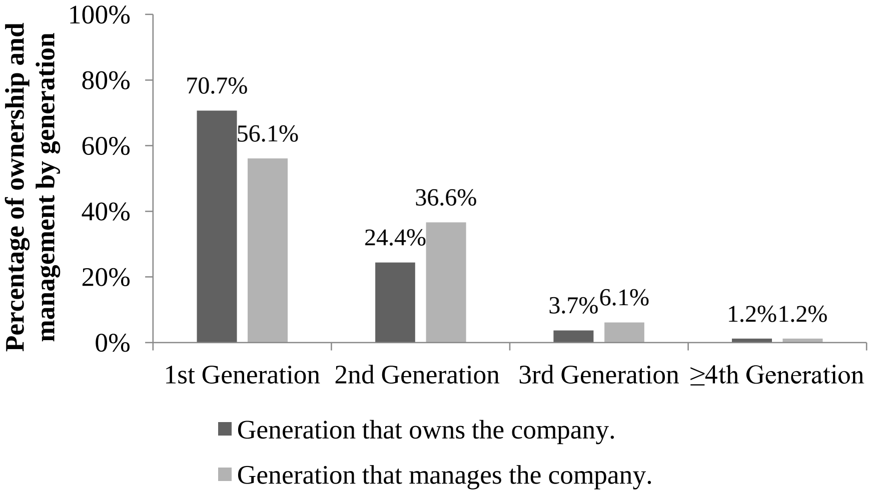
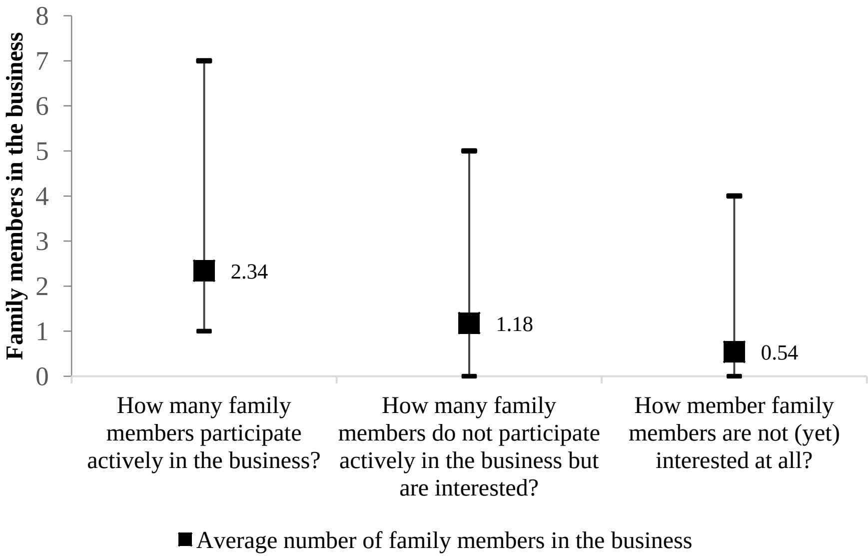


Figure 3 Family generation ownership and management



In relation to the participation of the family members in the business, as shown in Figure 4, on average, family firms located in the Azores, hold 2.34 family members that participate actively in the business. The results also show that, on average, by family, there are 1.18 family members who do not participate actively but are interested. And, on average, only 0.54 family members are not (yet) interested at all in the family business.

Figure 4. Family participation in the business



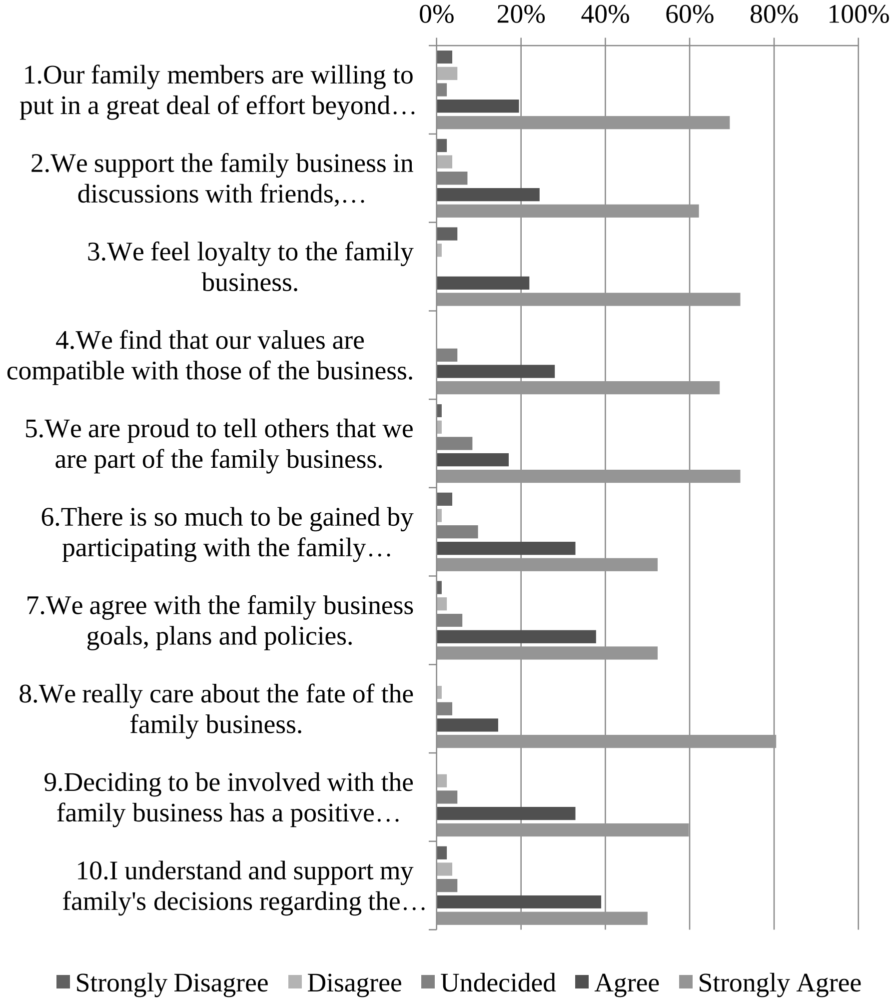
The family influence and values in business is presented in Table 1. A manifest 87.8% of the family firms' owners or managers recognize that the family has a major influence on the business. While 74.4% consider that the family members share the same values. Finally, 79.3% of the respondents believe that the family and the business share similar values.

Table 1. Family Influence in the Business

	Mean	Median	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
"Your family has influence on your business."	4.40	5.00	0%	2.4%	9.8%	32.9%	54.9%
"Your family members share similar values."	3.96	4.00	3.7%	6.1%	15.9%	39.0%	35.4%
"Your family and business share similar values."	3.89	4.00	6.1%	3.7%	11%	53.7%	25.6%

Figure 5, provides an overview of the corporate culture of the family firms based in Azores. Results for some of the most relevant statements for the characterization of family businesses in this context are noteworthy, e.g., statement 1, 3, 5, and 8, which are intrinsically connected with important dimensions such as commitment, belief, pride, and loyalty to the family business and where the large majority of the respondents agree or strongly agree with the statements.

Figure 5 Family Business Culture: Values and Commitments



The ten statements associated with family business culture (see Figure 5) were factor analyzed using principal component analysis with Varimax (orthogonal) rotation using the Kaiser Method (Table 2). The analysis yielded three components explaining a total of 74.923% of the variance for the entire set of variables. Component 1 (PC1) was labeled pride due to the high loadings of statements 1, 2, 3 and 5, e.g., "*We support the family business in discussions with friends, employees or other family members*" or "*We are proud to tell other that we are part of the family business*". This first component explained 30.168% of the variance. The second component (PC2) derived was labeled belief. This factor was labeled as such due to its strong link to the statements 6, 7, 8 and 9, e.g., *"There is so much to be gained by participating with the family business on a long-term basis*" or "*We agree with the family business goals, plans and policies*". The variance explained by this factor was 29.535%. Component 3 (PC3) labeled identity is strongly is strongly linked with the statements 4 and 10, "*We find that are values and compatible with those of the business*" and *"I understand and support my family's decisions regarding the future of the family business*". The third component explained 15.220% of the variance.

Table 2. Principal Component Analysis for Family Business Culture: Values and Commitments

Statements	PC1 (Pride)	PC2 (Belief)	PC3 (Identity)
1	0.737		
2	0.879		
3	0.772		
4			0.903
5	0.712		
6		0.857	
7		0.763	
8		0.636	
9		0.713	
10			0.602
Eigenvalue after Varimax Rotation	3.017	2.953	1.522
Explained Variance	30.168%	29.535%	15.220%
Overall Accumulated Variance	74.923%		
KMO and Barlett's Sphericity Test	KMO = 0.877; Chi-Square: 471.578; p-value = 0.000		

5. DISCUSSION

Addressing the demographic characterization of family firms in terms of sector of activity, results show retail (57.3%) is the main activity for family businesses located in the Azores, followed by small industries, such as agriculture or dairy farming (14.6%), the remaining 28% of the family firms operate in other various sectors such as tourism, transports and services. These results were expected and clearly reflect the business activity in the archipelago. It has been shown by previous research that small shops and markets constitute the most significant part of the economy in the Azores, in the same way small industries operating in dairy farming and minor livestock ranching are also an important part of the region's economic life (Sánchez et al., 2011).

As to the workforce, the majority of family firms hold less than 10 employees (63.4%), while 26.8% of the firms are responsible for employing 10 to 25 collaborators, and only 9.5% employ more than 25 people. According to these results we are able to characterize these family firms, in terms of size, as small-sized enterprises, corroborating the existing literature which states that a significant proportion, 45% to 70%, of all family business are classified as small and medium enterprises (Vozikis, Weaver & Liguori, 2013).

Parallel to the number of employees is the company's turnover, in the last fiscal year (2015) which was less than €500,000 for most firms (61%), for 28% of the family firms the turnover laid between €500,000 and €2,000,000, and ranging from €2,000,000 to €10,000,000 in only 11% of the cases. These results are in line with other studies reporting that, in most cases, family firms show a lower financial performance and consequently a lower growth rate than nonfamily firms (e.g., Buhalis & Peters, 2004). This may explain the idea that family businesses are commonly characterized by having a vision that puts the needs and personal and/or family preferences above company financial performance, growth, or profit maximization (Getz & Nilsson, 2004; Getz & Carlsen, 2005). Moreover, it is possible to identify, in the literature, arguments in favor of a lower orientation towards financial performance in family-owned firms (Zahra, Hayton & Salvato, 2004). In line with this, Carney (2005) stated that family control imposes capital constraints that can inhibit corporate performance and growth. Likewise, family businesses tend to put continuity before financial performance so that they prioritize a desire to maintain the *status quo* (Salvato, 2004). Furthermore, these firms are closely involved in several aspects linked to the family, community, and above all, to region in which they are located and to which they must effectively respond. As is the case of ensuring the livelihood of family, to create sustainable jobs in their region, to strive for the company survival over several generations, or to fight for the company's ownership and control to remain in the hands of family.

Another interesting result is the fact that a substantial percentage (30.5%) of the family firms maintains their activity for more than 30 years. This becomes pertinent since several researchers argue that the lifespan of family businesses is often relatively short, as only a limited number survives the transition to the second generation, with most family firms either collapsing or being sold-off under the helm of the first generation (Shanker & Astrachan, 1996; Poza, 2010). This, not so common, longevity may be associated with the fact that in a specific and particular context, such as the Azores, there is a continuous need for people to create their own jobs. In the way, family firms make their best efforts in order to maintain the jobs created, since in an outermost economic context, there are not much employment opportunities, creating an absolute need to preserve available jobs and somehow to build a career within the family firm, which can contribute to the longer lifespan these companies show.

Regarding the family power and management participation, results show that roughly all (90.2%) family firms located in the region are owned and controlled exclusively by family members, demonstrating that these firms can be defined in their nature and essence as family businesses. The remaining percentage of firms (9.8%) have nonfamily members participating in the governance and management. This is consistent with the existing literature, where a significant number of published articles proposed that the family business definition and identification should be concentrated on family ownership (e.g., Lansberg et al., 1988; Klein & Blondel, 2002), and management involvement of the owning family (Barnes & Hershon, 1976). Still, some combination of family representation in ownership, and management or governance is widely used by different research groups as a base definition of family business (Cowling & Westhead, 1996; Flören, 1998; Heck & Scannell, 1999; Klein, 2000).

The fact that less than one fifth of the family firms held shares in a holding company or similar entity, and only 13.6% have a management board may be, once more, explained by the economic reality in which these companies operate. Considering that these family firms are normally classified as small and medium enterprises (Vozikis et al., 2013) and in which there's not a primary need to hold shares in a holdings, or to have a dedicated management board. However, this may create several serious management problems. Recent studies (Institute for Family Business, 2015) highlight the importance of the professionalization of decision making mechanisms within family firms (with the creation of family boards and board of directors).

In relation to the family experience assessed by the generation in charge, the results demonstrate that over two thirds of the family firms in this study are owned and managed by the founding generation (1^{st} generation), while one third of the companies are controlled by the second generation, and finally only a residual percentage (less than 5%) of the companies are owned and managed by the family's latter generations. These results are consistent with the literature, Zucker and Borwick (1992), estimate that less than half of family businesses make it to the second generation. In the book, *Family Business*, Poza (2010) suggests that only 30% are successfully transferred to the second generation of the founding-family owners. The odds get even worse in the transition between the second and the third generations, and from the third to the fourth generations, when only 12% and 4% of such businesses, respectively, remain in the same family.

Regarding the participation of the family members in the business, there are around two family members that participate actively in the business. The results also show that, on average, by family, there is 1 family member who does not participate actively but is interested, being all family members interested in business. These results reveal the importance and impact of the company in the family everyday life, since the number of family members actively involved in the business is superior to the number of members that not participate actively or are not interested at all in the family business. The obtained results may be interpreted according to Casillas, Vázquez and Díaz (2007), and Westhead (1997), who suggest that family businesses revolve around some fundamental aspects and objectives: family control over the company; inclusion of family members in management; transfer ownership to the next generation; maintain financial independence of the family and the business; and ensure the survival of the family business as a going concern.

Concerning the family influence in business, the results show that the large percentage of the owners and managers consider that the family has a great influence in the business (over 80%). The results also demonstrate that in most cases, over two thirds, the family members share similar values, while almost 80% of the owners and managers claim they believe that their family and businesses share similar values. Once more, these results can be simply explained by the families' total control over the ownership of their companies. Being the firms owned, controlled and managed by the family it is likely that they illustrate the family beliefs and values. Furthermore, this supports the view of Stafford and colleagues that "*Without the business, there isn't a family business; however*, *without the family there also isn't a family business*" (Stafford, Duncan & Winter, 1999, p. 206).

In terms of family business culture, which compromises family values and commitments, it is easily perceptible that a substantial percentage of the owners and managers of family firms in the Azores show a strong connection with company core values and commitments, mainly with the ones intrinsically connected with effort, belief, pride, and identity. This can be explained by the fact that our respondents have a strong emotional bound with the family business since, in most cases, the company was founded by themselves, or their parents, creating a strong sense of belonging, feeling that they grew up within companies and vice-versa. The performed principal components analysis extracted three principal components from the F-PEC culture subscale, showing that these owners and managers have a strong sense of pride, belief, and identity with the family business.

These results are in line with previous studies showing that family members who run or are actively engaged in the family business are generally extremely proud of the business, proud of their achievement in having established and built it, this pride, in most cases, extends to their staff who is proud to be associated with family and what they are doing (Ball, Leach & Duncan, 2003; Lipman, 2010). This sense pride, belief and identity is also important from a continuity perspective. In order to transfer ownership to the next generation and, consequently to guarantee the survival of the firm, it is crucial that older generations share these strong feelings to the younger generations of the family (Lipman, 2010), creating sense of belonging while enhancing the interest of becoming actively part of the family business.

6. CONCLUSIONS

This paper contributes to the profiling of family-owned businesses located in the Autonomous Region of the Azores. The collected data, results and consequent knowledge aims to help improve our knowledge on this underexplored field, by drawing an initial profile of the family firms operating in this particular region.

According to the results we were able to provide a draft profile of a family firm based in the Azores. This family firm operates in the retail sector, counts with less than 10 employees, has been in business for over 30 years, and has a turnover of less than €500,000 per year.

Regarding ownership and management participation, the company is exclusively owned and controlled by the family, and does not have a management board. Its owners and managers are the founding generation, and on average two family members actively participate in the business, while one family member does not participate actively but is interested. The family members share similar values and consider that the family has a high influence on the business, and also believe that both family and business share the similar values. Finally the owners and managers show a strong connection with the family business culture mainly regarding key aspects as pride, belief and identity.

As any empirical work, this study comes along with some limitations. First, the fact the contact with the initial sample of family firms was carried out by e-mail may have contributed to a lower overall participation, since in some family firms the e-mail account is still not consulted on a daily basis.

Second, the results were collected using a web-survey tool, and in small and rural socioeconomic context, as the one found in the Azores, some of the companies owners and/or managers still do not feel conformable responding to a questionnaire which is presented in a digital format.

Third, although s sample of 82 family firms is substantial for an exploratory analysis, future research should be extended to a larger sample, using a traditional data collection approach with paper-and-pencil instruments, which could avoid the aversion that some owners and/or managers have in relation to online questionnaires.

As most research on family business, this study adopts a quantitative approach which allows for the generalization and increases the comparability of the results. However, family businesses are an extremely complex environment with a set of critical dynamics that should be explored in a broader way, therefore, the use of a combination of qualitative and quantitative research should be considered.

This study offers a profile and an initial dataset with relevant information on family firms in the Azores, aiming to be an impulse for new research on family businesses in this region. More work is, indubitable, required to better understand and quantify the importance of family firms in this particular region.

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Appendix A. The F-PEC Scale.

A que tipo de empresa está ligado?

Familiar ☐ Não familiar ☐

A. Por favor, caracterize o poder e a gestão na sua empresa.

1. Indique a percentagem da empresa que detida por membros familiares, e por não familiares (em percentagem, deve totalizar 100%).

Familiares ☐

Não Familiares ☐

2. Os capitais, quotas, e património da empresa são mantidos numa Sociedade Gestora de Participações Sociais (SGPS) ou noutra entidade similar?

Sim ☐ Não ☐

3. Indique a percentagem da empresa principal do grupo que é detida por (Familiares, Não Familiares, SGPS, em percentagem, deve totalizar 100%).

Familiares ☐

Não Familiares ☐

SGPS ☐

4. A empresa possui uma Administração ou um Conselho de Administração?

Sim ☐ Não ☐

5. Quantos elementos constituem a Administração ou o Conselho de Administração da empresa?

☐

6. Dos elementos da Administração ou do Conselho de Administração quantos são membros da família?

☐

7. Dos elementos da Administração ou do Conselho de Administração, que não familiares, quantos foram escolhidos pela família?

☐

B. Por favor, avalie o nível de experiência da sua empresa.

(1) 1ª Geração (2) 2ª Geração (3) 3ª Geração (4) 4ª Geração ou posterior

1. Qual a geração proprietária da empresa?

1 2 3 4 5

2. Qual a geração responsável pela gestão da empresa?

1 2 3 4 5

3. Qual a geração que está ativamente presente na Administração ou no Conselho de Administração da empresa?

1 2 3 4 5

4. Quantos membros da família têm uma participação ativa na empresa e nos negócios?

5. Quantos membros da família não têm uma participação ativa mas, no entanto, demonstram-se interessados na empresa e nos negócios?

6. Quantos membros da família não têm uma participação ativa e não estão interessados na empresa e nos negócios?

C. Por favor, classifique, em grau de concordância, as seguintes afirmações:

(1) Discordo totalmente (2) Discordo parcialmente (3) Não concordo nem discordo (4) Concordo parcialmente (5) Concordo totalmente

1. A família tem influência na empresa e nos negócios.

1 2 3 4 5

2. Os membros da família partilham valores semelhantes.

1 2 3 4 5

3. A família e a empresa partilham valores semelhantes.

1 2 3 4 5

D. Por favor, classifique, em grau de concordância, as seguintes afirmações:

(1) Discordo totalmente (2) Discordo parcialmente (3) Não concordo nem discordo (4) Concordo parcialmente (5) Concordo totalmente

1. Os membros da família estão dispostos a fazer grandes esforços, para além do que é normalmente esperado, a fim de contribuir para o sucesso da empresa e dos negócios.

1 2 3 4 5

2. Apoiamos a empresa e os negócios da família em discussões com amigos, colaboradores, e outros membros da família.

1 2 3 4 5

3. Sentimos lealdade para com a empresa e os negócios da família.

1 2 3 4 5

4. Acreditamos que nossos valores, enquanto indivíduos e família, são compatíveis com os valores da empresa.

1 2 3 4 5

5. Dizemos orgulhosamente aos outros que fazemos parte dos negócios da família.

1 2 3 4 5

6. Acreditamos que, a longo prazo, há muito a ganhar na participação na empresa e nos negócios da família.

1 2 3 4 5

7. Estamos de acordo com os objetivos, planos, e políticas da empresa e dos negócios.

1 2 3 4 5

8. Temos uma preocupação sincera e genuína com o destino dos negócios da família.

1 2 3 4 5

9. A decisão de me envolver nos negócios da família tem tido uma influência positiva na minha vida

1 2 3 4 5

10. Entendo e apoio as decisões da família em relação ao futuro do negócio.

1 2 3 4 5