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**Factors Affecting the Performance
of Small and Medium-Sized
Family Business in the Wine Sector**



FAKULTA PODNIKATELSKÁ

ÚSTAV MANAGEMENTU

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

**FAKTORY OVLIVŇUJÍCÍ VÝKONNOST MALÝCH A STŘEDNÍCH
RODINNÝCH PODNIKŮ VE VINAŘSKÉM SEKTORU**

ZKRÁCENÁ VERZE PH.D. THESIS

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INTRODUCTION

This topic of family business is independently taught in various universities. The issue of family business is also the subject of many investigations, where many research programs are added. In the last years, family business research progressed. There are little investigations about different factors' impact on the business performance (Mazzola *et al.*, 2013). Despite a number of studies in the field of family business, there is a gap in the research of family business success or performance and factors influencing that and its practical application. Family business plays an important role in the development of both national and world economy. Because micro and small firms represent the majority of all business entities, including in the Czech Republic (Koráb *et al.*, 2008). Thus, it is possible to conclude that research about family business performance and factors influencing it is needed. It could help to identify the strengths and weaknesses of the family business functioning. Besides, it could reveal tools to strengthen and increase the family business performance.

The topic of this research is important for several reasons:

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

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

1 FOCUS AND AIM OF THE DISSERTATION THESIS

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

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

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

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

1.1 Research questions and hypotheses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 OUTCOMES OF THE LITERATURE REVIEW

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

As the discipline of family business reaches maturity, scholars formalize concepts about family business and factors that influence family firms. Generally, the initial focus on family business research is to understand and interpret the essence and the differences of the family business from non-family

businesses (Debicki *et al.*, 2009) and the process, how these options affect business performance (Mazzola *et al.*, 2013). However, there is a necessity for further research on family business performance in this context because previous studies have used indicators that do not fully cover the specific features of the family business (Hienerth & Kessler, 2006). Many factors could be responsible for explaining family business performance. Therefore, there is a need for further research in this direction.

3 RESEARCH METHODOLOGY

This chapter explains the appropriate research methodology used in this research. The dissertation work presents the theoretical and practical part in the topic of family business definition and its features, main competitive tactics and business performance. The theoretical part will be based on the analysis of secondary literature sources.

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

3.1 Processing procedures

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

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

hypotheses. Additionally, Cronbach's alpha test was applied to test the internal consistency of the responses. The Cronbach's alpha was computed in SPSS program

According to Cappelleri and Darlington, (1994), Cohen Statistical Power Analysis is one of the most popular approaches in the behavioral sciences in calculating the required sampling size. Chuan (2006) affirms the same decision in his study. This approach was applied in the quantitative research.

Several limitations should be mentioned with regard to the sampling. Firstly, one of the limitations is the fact that only Czech family firms will be observed. Secondly, the wine sector was chosen. Another limitation is that this study examines family wine business in the South Moravia because that region represents 98,8 % of all number of wine firms in the Czech Republic (Czech Statistical Office, 2011). The research will observe only micro and small wine firms (up to 10 employees) because basically wine firms are micro and small and represent approximately 80 % of total amount of family business in the Czech Republic (Koráb *et al.*, 2008).

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

4 RESEARCH FINDINGS AND DISCUSSION

4.1 Qualitative Research: Pilot study

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

respondents. The questions were organized into the following units: perception about the family business and its functioning, the main competitive tactics as Quality-Oriented Competitive Tactics (Quality), Cost-Orientated Competitive Tactics (Cost), Innovation-Oriented Competitive Tactics (Innovation) and Marketing-Oriented Competitive Tactics (Marketing) and family business performance. An exploration of conception about the family business, its features and its functioning was conducted basing on the following aspects: respondents' perception about the family business and its advantages; family ties of involved family members into business and their activities in that business; management and ownership structure; decision-making process and succession.

Summing up, it can be stated that the pilot study's research objectives were completed. The interpretation of perception about basic concepts related to the factors that can affect the performance of micro and small family businesses in the wine sector was defined. Based on a literature review, the main competitive tactics as possible affecting factors, which were later confirmed in the conducted interviews were selected. The dependent variable was a family business performance. It has multidimensional aspects of measurement. The independent variables are mention competitive tactics. This research confirmed the authority of utilization of competitive tactics and its ability for application in the further primary research.

4.2 Quantitative research

The purpose of the quantitative research is to confirm or deny the hypothesis. Figure 1 represents the proposed conceptual framework for the general relationship between implementation of competitive tactic and family business performance, where the influence of the generation stage on these relationships is supposed.

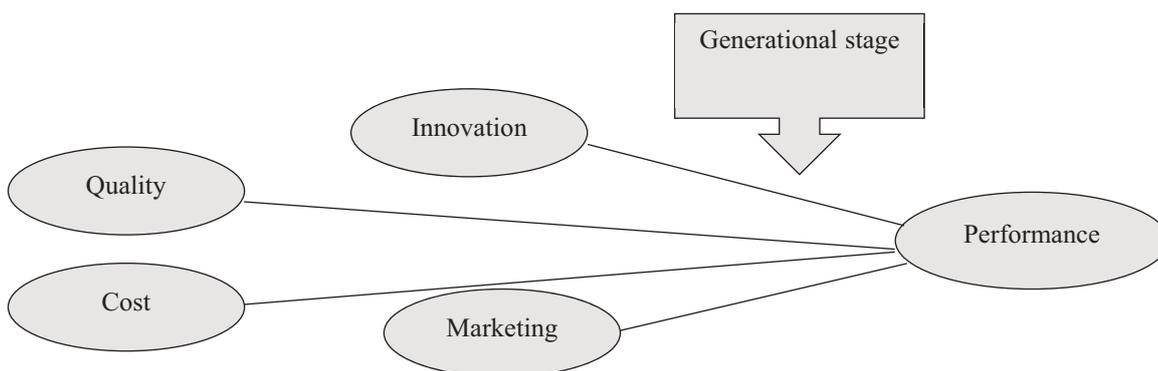


Figure 1 Theoretical relation map of variables

(Source: Author's composition)

4.3 Process of data collection, sampling and variables of the research

Generally, performance can be defined as the ability of a firm to produce acceptable results and activities (Wood, 2006; Chittithaworn et al., 2011); or achievement of objectives and resources / resources (Yazdanfar et al., 2014). We understand family business performance as the ability of a firm to achieve a business and family goals. The performance plays important role in the competitive strategy's field. It is important to know what effect each tactic has on the performance; also important is what aspects of performance are examined. Performance is the dependent variable par excellence in competitive tactics' field, because the final goal is determination and research the various variables that impact on firm's different outcomes. The performance construct has the multidimensional nature. The situation of each selected family firm was analyzed comparing with its competitors.

In order to measure competitive tactics, we use an adaptation of the 17 items scale proposed by Ruiz-Ortega and Garcia-Villaverde (2008) and used in Castillio-Apraiz and Matey's work (2015). That is, a modified version of the scale proposed Robinson and Pearce (1988), which in turn modified version of the scale proposed by Dess and Davis (1984). One of the most significant origins of heterogeneity among family firms is the *generational stage* (Gomez-Mejia et al., 2011), because based on the literature ties among family members weaken with each succession (Gomez-Mejia et al., 2007). The generational stage can be defined as the generation that controls the family business (Cruz & Nordqvist, 2012). To measure the generational stage of the firm, we constructed an ordinal scale with the information taken from the questionnaire (Bammens et al. 2008).

Thereby, all measures for independent and dependent variables were derived from previously validated scales. All items were measured on a five-point Likert scale.

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

Therefore, the main research provided on the base of individual face-to-face structured interviews with individuals who have a direct relationship with the family business (owners and co-owners).

The wine sector was chosen as lively representative of the family business, where for decades the traditions and skills have been transferred from generation to generation (Woodfield & Husted, 2017;

Neuber, et al., 1998). The research was focused on the South Moravian Region in the Czech Republic because that region represents 98,8 % of all number of wine firms in the Czech Republic (Czech Statistical Office, 2011). The survey was conducted in the period from April – June 2018. After obtained responses were digitized, processed and analyzed through SPSS (Statistical Package for the Social Sciences) software.

The main reason of choice of Cohen Statistical Power Analysis is that it is one of the most popular approaches in the behavioral sciences in calculating the required sampling size. Moreover, according to the absence of Czech law about family business determination, there is no possibility to determine the entire population size. Majority of methods of sample size calculation are based on the total population that is not possible to find out in our case.

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

For micro and small Czech wine family firms, the general picture of the main competitive tactics and their influence on performance is presented in the following aspects. Quality-orientated competitive tactic (QUALITY), Innovation-orientated competitive tactic (INNOVATION) and Marketing-orientated competitive tactic (MARKETING) have a positive impact on Performance (Figure 2). However, we cannot prove that Cost-oriented competitive tactic (COST) is a competitive tactic that has a positive influence on performance.

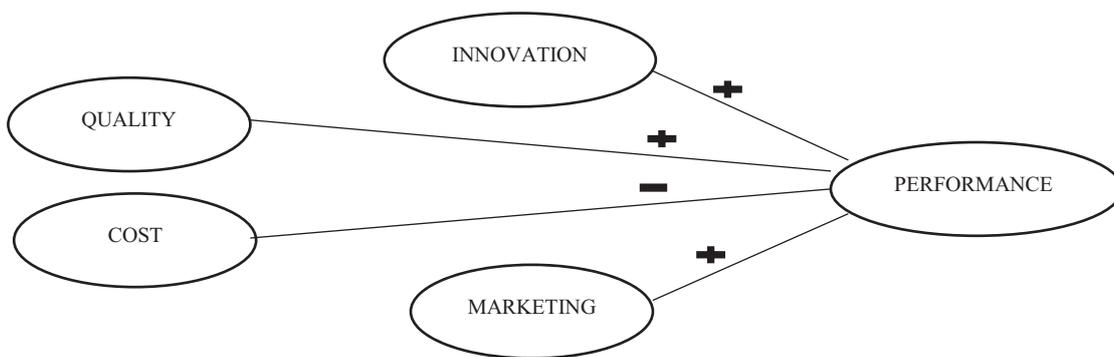


Figure 2 The general relationship map of connections between competitive tactics and performance of selected wine family firms disregarding generational differences

(Source: Own elaboration)

One of the features of the selected sample (and generally wine firms in the Czech Republic) is modern tendency to be as boutique wineries. It can be described as a winery who is a small, quality-centric and

that makes a lifestyle wine. Usually, this quality supports the name or brand of a winery. Here it possible to see some features of differentiation strategy that aims to provide better products or services to meet customers' needs (Belohlav, 1993). Thus, generally tactic of family wine firm orientated to quality is positively related to performance that confirms results of previous studies (Ruiz-Ortega & Garcia-Villaverde, 2008; Castillo Apraiz & Matey, 2015).

Interesting results were obtained in regard to Cost-orientated competitive tactic for selected wine family firms, not taking into account generational stage of these firms. In fact, generally it has a negative impact, that is, a greater emphasis on cost reductions will bring worse results. The hypothesis that generally there is a significant positive relationship between Cost-oriented competitive tactic (Cost) and performance is rejected, there is a significant negative relationship. If we will return back to the theory, then this tactic is a tool for implementation of cost leadership strategy, which is establishing a competitive advantage by having the lowest cost of operation in the industry and it aims to exploit scale of production. Thus, this competitive tactic aims to achieve the minimum possible cost in an industry while avoiding defects and waste (Belohlav, 1993; Chung et al., 2010) by reducing production and operational costs and increasing the organization's capacity and efficiency (Dess & Davis, 1984). Based on our observation and expert estimates, the majority of selected wine family firms for this research (as a majority of represented wine family firms in the Czech Republic) produce up to one hundred thousand bottles a year. According to expert estimates, the optimum for maintaining the business and supporting the family is the production of eighty thousand bottles a year. Thereby, these firms do not have the space to reduce their costs on the basis of the scale of production. This is a classic issue, the consequence of which is that such wine boutique firms do not offer their products to hypermarkets. They have no opportunity to lower prices and compete with medium and large wine firms. To do this, such firms would have to produce such a large number of wine bottles (according to experts, approximately one hundred fifty thousand - one hundred eighty thousand bottles per year) in order to withstand price negotiations with wholesalers from chain hypermarkets so, that at the same time it would be in the interests of these wine family firms. Thus, it explains the general position concerning the relationship between Cost-orientated competitive tactic and performance of micro and small wine family firms.

The results of the research revealed the significant positive relationship between Innovation-orientated competitive tactic (INNOVATION) and performance for all selected wine family firms disregarding generational differences. It can be explained that in our days the wine production without innovation is a hard process; the lack of innovation or their small implementation prevents the winemakers from

remaining competitive and evolving with the times (Agriculture, 2016). Management research considers an exploration of new methods of development including innovation as very important for achieving the best performance and success in the long term (Benner & Tushman, 2003; Gibson & Birkinshaw, 2004; Gupta et al., 2006). This competitive tactic is part of differentiation strategy, where innovation in differentiation relies on appearance to distinguish new products and technologies and leads competitors in innovation; it may impose high prices (Miller, 1986). Many studies demonstrate the positive relationship between innovations' implementation and performance. For example, Camisón and Villar-López (2014) reveal that the adoption of organizational innovation improves the firm's technical capabilities to develop new products and processes that lead to their superior performance. Lee et al. (2017) in their study prove that innovation strategies have significant impacts on radical product innovation in both high-tech and low-tech industry and firm performance. Aylward (2002) in his work emphasizes the significance of collaborations with public sector bodies, which are orientated to R&D processes, as an opportunity for expansion, particularly to small and medium wine firms. He also offers to follow the example of Iceland with a requirement that institute researchers (whether government or cooperative) at the center of R&D activity, spend approximately one day per week visiting small firms to discuss relevant issues. In the Czech Republic as well, the cooperation between researchers of universities and wineries also takes place. For instance, there is a project "Wine-growing and viticulture to preserve and restore the cultural identity of wine-growing regions in Moravia" based at Masaryk University and supported by Ministry of Culture of the Czech Republic (Kladiwa, 2016). Many other local universities provide study programs and research in an area of winegrowing and winemaking development. Interesting tendency occurs in last years in accordance to innovations in the wine sector that is in the production of radical innovation wine product in the Czech Republic – orange wine. This kind of wine captures local regular customers and attracts potential customers. According to literature research and experts estimates, more and more Czech winemakers produce orange wines. Orange wines are technologically and sensibly completely different than others. This is an example of how the supply of Moravian wines in the Czech Republic has been enriched and it had contributed in part to the return of original ancient technologies in conjunction with modern processes of controlled fermentation. The research results demonstrate a positive significant relationship between Marketing-orientated competitive tactic (MARKETING) and performance disregarding generational differences. The development of new products and already existing ones need advertising, promotion, etc. to be truly effective. These results confirm the outcomes of other studies (Castillo-Apraz & Matey, 2015).

According to the experts, marketing activity of wine family firms is manifested in the whole marketing mix 4P, not only in Product that these firms produce. Šperková and Skýpalová (2012) in their paper study the strategic options for wine sector in the Czech Republic, they notice that wine firm within a marketing strategy implementation should realize a complex nationwide marketing campaign to be competitive. Although, they assert that the most appropriate promotional (communication) tools as part of a marketing strategy would be advertising on the Internet, advertising through billboards and via the print media. Czech wine family firms also prefer Internet advertising and using of social media based on the same reasons and because of the Czech Republic belongs among the countries where online shopping is the most popular (Online shopping, 2016). In addition, implementation of innovations in marketing technics (as a part of Marketing-oriented competitive tactic) is proven to be effective in increasing firm performance in other studies (e.g., Gupta et al., 2016). Thereby in general, there is a significant positive relationship between Marketing-orientated competitive tactic (MARKETING) and performance.

Next, there is an interpretation of findings for selected wine family firms regarding the generation stage (see Figure 3 and Figure 4). For selected firms in the first generational stage, the similar results are obtained but with the following difference: there is insignificant relationship between quality-oriented competitive tactic (QUALITY) and performance. Because as the experts' assumptions, the founders and their descendants have a different point of view on the processes of production and improvement of firms' performance. The founders, who run the business several decades ago, followed the principle to produce as much product as possible; they focused on quantity, not quality. It was also expressed in the sale of wine in cans, not caring about who their final consumer is; where their wine will be sold and who will buy it. As far as selected wine family firms in the second generational stage, there is a significant positive relationship between quality-oriented competitive tactic (QUALITY) and performance. It can be explained by that next generation understand the needs of the modern local market. They behave differently in order to the quality of product, they make the order of their wine dividing it based on levels of quality, a method of collection and production. Based on the philosophy of orientation on the quality of wine products, the association "Young winemakers" was established, which brings together winemakers from the Czech Republic under the age of forty years. Besides that, these are mostly representatives of the second and further generation of winemakers, who *"follow traditions of Moravia and desire to promote the Czech Republic as a traditional wine region, but it is also able to follow new trends in the field"* (Young winemakers, 2016).

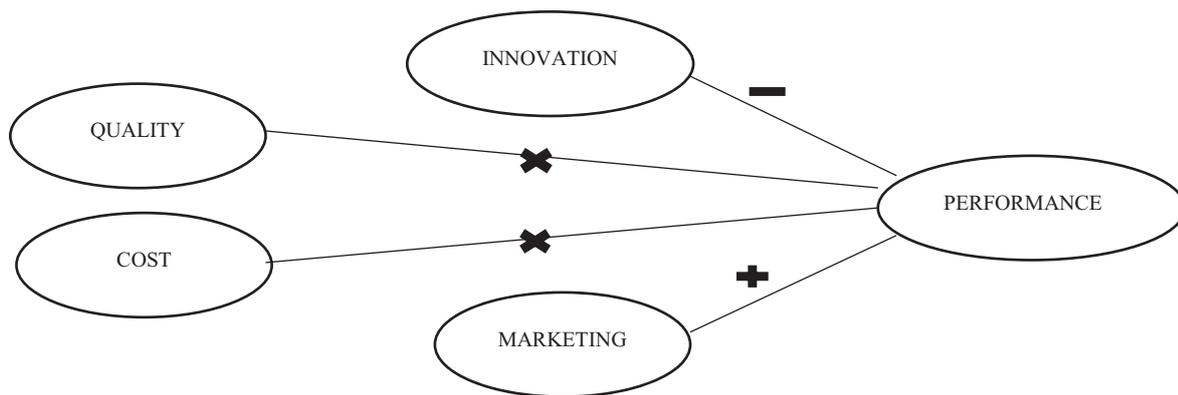


Figure 3 Relationship map of connections between competitive tactics and performance of selected wine family firms in the first generational stage

(Source: Own elaboration)

For selected wine family firms in the first generation, there is no significant relationship between Cost-oriented competitive tactic (Cost) and performance. The same situation is for selected firms in the second and further generational stage, despite that general picture of the relationship is negative. When we divided firms according to generations, we discovered no significant relationship between observed variables. The situation on the Czech wine market is changing for last twenty years (the period of generational changing) towards to quality orientation that leads to a retreat from Cost-oriented competitive tactic, from the desire to reduce costs as much as possible, to locate product in the low-priced market segment. The first and the next generations need to follow modern tendencies to quality orientation to survive and develop. Changes in the wine law also put pressure on wine family firms in the first generational stage, making it more difficult for them to neglect of quality due to the quantity. Micro and small wine family firms in the first and the second generational stage do not have a capacity to reduce costs through mass production. They gain a competitive advantage by referring to improving the quality of the product and increasing their reputation. Thereby, we can observe the absence of significant relationships between Cost-oriented competitive tactic (COST) and performance, considering the wine family firms in accordance with the generational stage.

With reference to selected wine family firms in the first generational stage, we discovered a significant negative relationship between Innovation-orientated competitive tactic (INNOVATION) and performance. It can be explained again by the difference of the business philosophy and perception of innovations' importance in this field between generations. Based on the experts' estimation, the first generation's representatives are based on the aim to "empty" the cellar or produce wine and sell it as soon as possible that allows them to make room for further harvest and production. Thereby, the first

generation's representatives orientate on the quick money turnovers unlike representatives of selected firms in the second and further generations, who prefer to leave the wine to ripen, sell the product at optimum bottle maturity and, accordingly, at a higher price. Then, there is an opposite situation with selected wine family firms in the second and further generational stage: we discovered a significant positive relationship between Innovation-orientated competitive tactic (INNOVATION) and performance. These firms have some capital or savings thanks to the efforts of the first generation/ earnings in another work/ loan or subsidies. Majority of the next generation's representatives of wine family firms invest this money to technologies and innovation development of their business. They orientate on the product potential and prefer to improve the quality of this product and service through innovations. Many young winemakers as representatives of the next generation prove that implementation of innovations is connected with quality orientation; the production of wine products based on the innovations is typical for the next generations of winemakers (Solaříková, 2018). Thus, it confirms the results of other studies pointed on the following: to stay competitive and to assure their long-term survival, the second and later generations are likely to push an innovation-orientated tactic as they bring new technologies to the firm (Fernández & Nieto, 2005; Gallo & Pont, 1996).

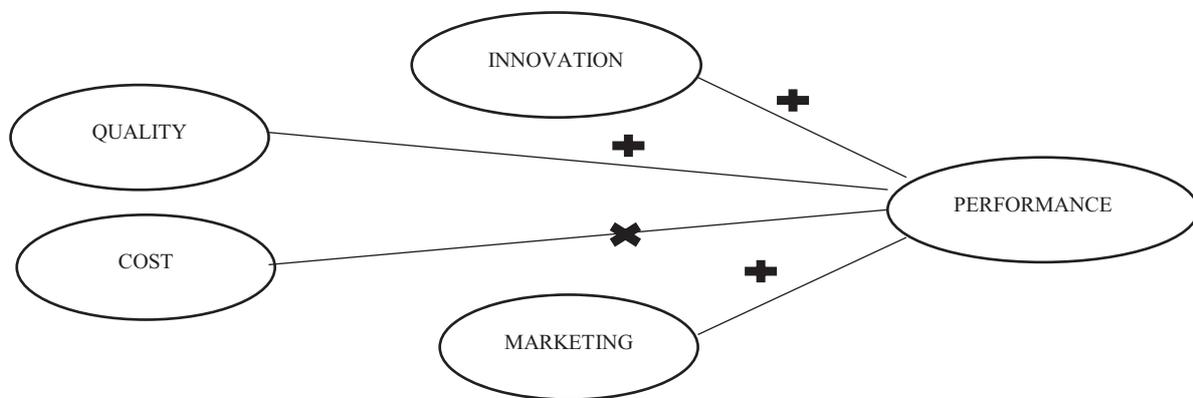


Figure 4 Relationship map of connections between competitive tactics and performance of selected wine family firms in the second generational stage

(Source: Own elaboration)

The last competitive tactic (MARKETING) and its influence on the performance of selected wine family firms taking into account the differences between generational stages is presented. With reference to selected firms in the first generational stage, we discovered a significant positive relationship between Marketing-orientated competitive tactic (MARKETING) and performance. For selected firms in the second and further generational stage, there is also a significant positive

relationship between Marketing-orientated competitive tactic (MARKETING) and performance. It can be explained by that all firms in the first and further generations strive to identify their brand, implement some innovation in marketing techniques, promote and advertise in industry and above it, communicate with their customers on the language they their customers prefer (internet and social sites, different events and etc.). The marketing dimension offers an attractive package – a good product or service and product image, and suitable locations (Miller, 1986). Besides that, we revealed that for the first generation firms the relationship between Marketing-Orientated Competitive Tactic (MARKETING) is stronger than for second and later generation family firms. It can be due to that when the second or further generation takes the reins, they already have a better perception of modern business technologies and trends, they do not focus only on marketing-orientated competitive tactic as the first generation representatives, they try to utilize different tactics simultaneously (as it shown on the Figure 4).

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

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

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

these firms are better versed in new production and marketing technologies, which in turn has a positive effect on performance.

5 CONCLUSIONS AND IMPLICATIONS OF THE DISSERTATION THESIS

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

There is no apparent definition for the family in the legislation of the Czech Republic. Based on these results, the definition of family business was defined, which should describe well representative family firms in the Czech Republic and was used for primary research: *“Family firm is a firm that is owned and controlled by one family or some members of that family; in addition, there is reason to believe that in the future the current generation will transfer its right of firm’s ownership and management to the next generation”*. Next, the strengths and weaknesses of the family business were detected and analyzed. Moreover, the actual situation of the family business in the Czech Republic was studied. The majority of family business was represented by micro and small firms. As reported by some expert estimates, from the total number of active Czech business entities, the small and medium-sized firms amounted to 99.84% (Rozbroj, 2014). Actually, the situation in Czech family SMEs is relatively positive in comparison with non-family business. The initial focus on family business research is to understand and interpret the nature and the differences of the family business from non-family businesses (Debicki *et al.*, 2009) and the process how these options influence a family business performance (Mazzola *et al.*, 2013). However, there is a need for additional research on family business performance (Hienerth & Kessler, 2006).

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

6 CONTRIBUTIONS OF THE DISSERTATION THESIS

6.1 Contributions in science

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

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

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

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

6.2 Contributions in practices

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

6.3 Contributions in teaching

The analysis of the relationships between selected factors and family business performance provide a new knowledge about the family business and its functioning. The business performance is one of the essential elements on the management of a firm. And competitive tactics is applied in strategic management. The problem is to summarize the theoretical and practical information about the family

business performance and factors that can influence from a great amount of literature, which specified that information from a different angle, moreover, within the family business. Thus, there can be established the separate discipline about family business giving the knowledge about the definition, features, structure, functioning, and certain competitive tactics and its application in wine sector as well. A new approach to enhancing of family business performance provides a summarized knowledge from previous studies and new primary research for students in order to increase the education level. Obtained results can be used in the teaching of subjects: management, entrepreneurship, small business, and family business.

7 LIMITATIONS AND FURTHER DIRECTIONS OF THE RESEARCH

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

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

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

One of the limitations is the fact that it observed only Czech family firms. The sampling was made among wine family firms from South Moravian Region. Moreover, the research observed only micro and small family firms, because the majority of family business in the Czech Republic is represented

by micro and small firms, especially in the wine sector. Besides that, the limited amount of wine family firms were observed in the research. In the further research, this amount can be expanded. Another limitation is that the study did not examine moderating effects that may influence competitive tactics – performance relationship (such as family influence, organization structure, external factors, etc.). Another potential limitation concerns the determination of family business performance. Studies which measure family business performance are obviously facing difficulties with the determination of performance measures.

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

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

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

LANGUAGE SKILLS

Russian (native), English (C1), Czech (B2), Slovak (B1), Italian (A1).

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

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PUBLISHING ACTIVITY

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

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Abstrakt

Byly provedeny dva empirické výzkumy: kvalitativní a kvantitativní. Výsledkem kvalitativního výzkumu jako pilotní studie bylo porozumění současné situaci a vytvoření koncepčního rámce rodinného podnikání v odvětví vína v České republice s ohledem na výsledky výzkumu literatury. V důsledku kvantitativního výzkumu byly navíc zkoumány vztahy mezi hlavními konkurenčními taktiky a výkonnosti rodinného podniku, a to s ohledem na generační fázi rodinných firem. Otevřené kódování bylo použito v prvním výzkumu. Použití testu Mann-Whitney U umožnilo určit významný rozdíl mezi využitím konkurenční taktiky vybranými rodinnými firmami s ohledem na generační fázi. Aplikací korelační a regresní analýzy výzkum pomohli zjistit vztahy mezi konkurenčními taktiky a výkonnosti rodinného podnikání obecně a taky vzhledem ke generační fáze vybraných vinařských rodinných firem v České republice.

Abstract

Two empirical researches have been conducted: qualitative and quantitative. The result of the qualitative research as a pilot study was the understanding of the current situation and creating of a conceptual framework of the family business in the wine sector in the Czech Republic considering the results of a literature research. As a result of the quantitative research, the relationships between the main competitive tactics and family business performance were investigated, moreover, in regard to generational stage of family firms. The open coding was used in the first research. Using the Mann-Whitney U test allowed to determine the significant difference between utilization of competitive tactics by selected family firms with regard to the generational stage. By applying correlation and regression analysis, the research detected the relationships between competitive tactics and family business performance in general and taking into account the generational stage of the selected wine family firms in the Czech Republic.