

IDENTIFYING AND CHARACTERIZING FAMILY ENTERPRISES

DOI: 10.14211/41198

Artigo recebido em: 12/10/2014.

Artigo aprovado em: 16/10/2014.

Ana Maria Romano Carrão – Universidade Metodista de Piracicaba¹

Milene Sartori – Universidade Metodista de Piracicaba²

Maria Imaculada de Lima Montebelo – Universidade Metodista de Piracicaba³

Abstract: This study presents and discusses a methodology for identifying and characterizing family businesses. Its main research question searched to what extent the family name in the legal corporate name may be taken as a reliable indicator of family business. Data were collected by semi-structured interviews with business owners of a sample comprised of 143 firms. A flowchart was also developed to identify some characteristics related to the generation in charge of the company. The results led to helpful tools for the research purposes. In the one hand the results showed that the family name in the legal corporate name is not as reliable indicator of family business as it could be expected. Additional efforts must be done in this sense. On the other hand, among the benefits of this study there is the possibility of identifying the business in one of a range of five strata.

Keywords: Family business, identification of family business, characterization of family business.

IDENTIFICAÇÃO E CARACTERIZAÇÃO DE EMPRESAS FAMILIARES

Resumo: Este estudo apresenta e discute uma metodologia desenvolvida com o objetivo de identificar e caracterizar empresas familiares. Sua principal questão consistiu em buscar saber em que medida o nome da família no contrato social da empresa pode ser tomado como indicador confiável de empresa familiar. Os dados foram coletados fazendo uso de entrevistas semiestruturadas com proprietários de uma amostra composta por 143 empresas. Foi também desenvolvido um fluxo para identificação de características relacionadas à geração no comando da empresa. Os resultados indicaram ferramentas úteis para os propósitos da pesquisa. Por um lado, os resultados mostraram que o nome da família no contrato social não é um indicador tão confiável de empresa familiar como suposto. Por outro lado, dentre os benefícios este estudo está a possibilidade de classificação com base em um conjunto de cinco estratos.

Palavras-chave: empresa familiar, identificação da empresa familiar, caracterização da empresa familiar.

¹ E.mail: amcarrao@terra.com.br – Endereço: Rodovia do Açúcar, KM 156, Taquaral, Piracicaba - SP, CEP: 13400-911.

² E.mail: milene.sartori@yahoo.com.br

³ E.mail: milmonte50@gmail.com

Introduction

One of the challenges faced by researchers in family business is the measurement of their relative participation in the organization structure. There is a consensus that, generally speaking, family businesses dominate the international economic scenario, playing a central role in nations' economic and social growth (ASTRACHAN; ZAHRA; SHARMA, 2003).

The significant presence of this organizational segment in the North American economy, for instance, has received great emphasis in the specialized literature. Its share in the organizational structure of the biggest economy in the world was first surveyed in the 1970's (BURCH, 1972 apud ASTRACHAN; SHANKER, 2003). Twenty years later, the family businesses kept their relevance, comprising nearly the whole of the American business structure, reaching one-third of the 500 businesses in Fortune Magazine (COHN, 1990; ASTRACHAN; SHANKER, 2003).

In the early 1990's, a research innovation took place with the introduction of the variable *size of organization*. The studies came to a surprising result: 80 percent of family firms in the United States were small (DAILY; DOLLINGER, 1993). The situation still seemed to remain unchanged for a long period, according to an investigation based on Global Entrepreneurship Monitor (GEM), as shown by Astrachan, Zahra and Sharma (2003).

GEM surveyed the reality in various countries whose results suggested an average share of 75 percent in the organization structure of the countries analyzed, with participations ranging from 51 percent (Sweden) to 85 percent (Brazil). Around the same period, according to Colli, Fernández Pérez and Rose (2003), a strong presence of family businesses was also detected in Europe, namely in Italy (75 percent), in Germany (80 percent), in the United Kingdom (76 percent) and in Spain (71 percent). In India, the family firms segment comprises 99.9 percent of all the country's businesses, given that about 75 percent of the largest companies are family businesses (DUTTA, 1998).

During the latest decades, the literature about family businesses has registered some evolution, as a result of one of the newest research fields in social sciences (BIRD et al., 2002; WORTMAN Jr., 1994). However, strictly speaking,

studies about family businesses present modest evolution, despite of the growing share of this organizational segment in the market. As stated more recently by Westhead and Howorth (2006), research into private family firms is relatively neglected, despite their significant contribution to the economy.

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), mainly because most family businesses are small. However, it can also be taken into account that a number of large businesses are owned by families. On a common sense basis, as family and small businesses are erroneously conceived as being synonymous (BIRD, 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 the evidence that strengthens this reflection about small family business.

Small and medium-sized firms were referred to as the “primary interest of the field” of study during the 1980’s-1990’s. One plausible reason for this change of interest could be supported by the ideas conveyed by Sharma, Chrisman, Gersick (2013). According to such authors, by the late 1990’s, the scholars realized that the acknowledgment accumulated during the former decades through studies on small business could be applied to gain a deeper understanding about large family companies.

As to Brazil, it is known that family businesses stand out in the national scenario, being present in all sectors. Nevertheless, there’s not much effort to quantify their share. This way, this study aims to contribute in this sense, taking into account that when exploring features of a specific reality, it tries to collaborate with enriching the method in the study field (WORTMAN Jr, 1994), because the definition of family business is a question of methodological order (HANDLER, 1989).

The importance of this study is justified in accordance with Chua, Chrisman and Sharma’s (1999), who emphasize the need to distinguish family and non-family firms and they are founded on the fact that such distinction is fundamental to obtain consistent statistics and research finding on family business, needed to get to scientific understanding, explanation or prediction.

Definition and identification of family business: a challenge to be overcome

From the historical point of view, it's known that this organizational category represents the oldest form of business structure, having originated from true dynasties (LANDES, 2006; BIRD et al., 2002), many of which are hundreds of years old (O'HARA, 2004; KAYE, 2005). The economic activity of the ancient Greek civilization was supported by family businesses, which also occurred in the Roman Empire, along the Middle Ages and later, during the period of the discovery of the New World (BIRD et al., 2002). They were also closely linked to certain phases of countries' development, as it happened to the United States (HALL, 1988).

Despite all the researchers' effort, it seems that the identification of such organizations remains as a challenge to be overcome. In societies with less rigorous scientific treatment in this area of knowledge, it is still common to find family businesses associated with the segment of small-sized businesses and also with negative labels such as lack of professional qualification of family members, lack of growth, absence of criteria when choosing successors and prolongation of tradition to the detriment of innovation. The area researchers are aware that one of their main deadlocks is the complexity of the tasks to identify and define a family organization (HANDLER, 1989; DAILY; DOLLINGER, 1993; WORTMAN JR, 1994).

As declared by Colli, Fernández Pérez and Rose (2003), it is a mistake to believe that it would be possible to have a generic definition of family business applicable ignoring economic and cultural differences, once they may vary internationally. On the other hand, Carney (2005) supports the idea of the existence of a convergence on an accepted definition of family business. One of the most common characteristics taken into account is family members occupying the main positions in the hierarchy or using their ownership to determine the composition of the board. Even in Japan, where laws make the succession process difficult by imposing very high taxes, a family business may be characterized by the presence of at least one member of the family in the company hierarchy (SHINATO; KAMEI; KURASHINA, 2008).

Considering that ownership is the variable most usually adopted by studies, the development of criteria for defining family business could consider it as the

starting point (ASTRACHAN; KLEIN; SMYRNOS, 2002) in order to take profit from the experience already accumulated by researchers. However, the detection of family businesses does not occur with quantifiable and precise methods such as those used to define the size of the business – for instance, revenue and number of employees. Besides this, obstacles related to data collection on the features of the business (ASTRACHAN; SHANKER, 2003) should be considered. This is probably one of the reasons why the case study is one of the most widely used typologies by researchers (WORTMAN JR, 1994).

An important contribution in this sense was given by Astrachan, Klein and Smyrnos (2002), who go beyond ownership. They developed the (F-PEC) scale which assesses the influence of the family on the business, taking three variables into account: power, experience and culture. Strictly speaking, they demonstrated that through F-PEC, it is possible to understand what extent family members and families may keep influence on their business, which gives support to the definition of strategies aiming at a balance between the family's and business's needs. According to the authors, such of the family and the business may achieve better performance.

Although F-PEC Scale discards any need of definition of family business, and proposes to be an important tool that allows comparison of different contexts, economic and cultural, vigorous debates still persist on this issue. This can be confirmed reviewing various research approaches. These debates usually retake complex discussions of pioneer studies about this organizational segment, confirming the existence of methodological diversity. This allows noticing that, at the legislation level, national realities exert a strong influence and limit the determination of a universal concept (COLLI; FERNÁNDES PÉREZ; ROSE, 2003; SHARMA, 2004; SHINATO; KAMEI; KURASHINA, 2008).

Cultural and institutional contexts at international level are also considered barriers for developing a generic scope of family businesses. Succession is one of the features deeply influenced by cultural traces, mainly if consider gender issues - women still tend to be prejudiced (CARNEY, 2005; SHINATO; KAMEI; KURASHINA, 2008; DUTTA, 1998). Conflicts of interests between firm and family may also vary according to the customs and traditions of the country. In Italy, for instance, Colli, Fernández Pérez and Rose (2003) identified non-family members tending to resign

themselves to acting according to the family owner's interest in order to avoid the risk of being dismissed. The authors refer to this kind of behavior especially among the largest private groups.

The positive side of such diversity stimulates criticism and researchers' involvement (HANDLER, 1989). On the one hand, the multitude of variables issues and features makes the family business a challenging research field. On the other hand, it hinders the construction of a more unified framework (WORTMAN JR, 1994). One of the implications of this myriad of points of view is the variety of statistical results achieved by different researches (HANDLER, 1989).

In light of this information, the present study intends to contribute to the construction of a methodology aimed at identifying family businesses and their profile. It has resulted in a flowchart that could give support to researchers in this task. It was tested locally in a medium-sized town (Piracicaba, São Paulo, Brazil). It concerns a little exploited issue in the study field of Brazilian family businesses, once succession is still the preferential focus for a big number of family business researchers and consultants. The concentration of the literature on command succession was also detected by authors who dedicated to scientific production in the international scope (CHUA; CHRISMANN; SHARMA, 2003; WORTMAN JR, 1994).

Two research questions guided the development of the investigation which originated this work: (a) to what extent can the legal corporate name be taken as a reliable reference for the identification of family businesses? And (b) which features distinguish the profile of the set of identified firms?

Finally, it is important to mention that a previous study, also carried out by the same research group, had identified a strong link between the family names of European immigrants and the first firms created in the early 20th Century in the same town where this study took place. Some of them are still in activity, dedicated to fields of great economic relevance not only to the region, but also to the country (CARRÃO; BILAC, 2006). So, this article could be seen as a contribution to the ownership theory considering that it has a methodological focus that might help researchers develop important themes, such as those here appointed.

The line of research was encouraged by Zahra and Sharma's statement (2004) that emphasizes the need of innovation in the field of research methods. Therefore, this article aims to contribute on a methodological basis to the family firm field of study, considering that, according the same authors (2004), it is always possible to add some contribution. They also refer to models and diagrams as helpful support to theoretical ideas.

The study

Initially, the study was inspired in the methodology developed by Daily and Dollinger (1993), having suffered the necessary adjustments to the research context. While Daily and Dollinger worked with a sample of firms randomly selected from official sources - *Standard Industrial Classification* (SIC) from Harri Industrial Catalogue -, the questionnaire which generated this study made use of an equally random sample: the business pages of a telephone directory.

The advantage of the source used by the former authors lies on the possibility of identifying the economic activity of the enterprises by means of codes, allowing the composition of stratified samples. In Brazil, the National Code of Economic Activity (CNAE – Código Nacional de Atividade Econômica), which corresponds to SIC to a certain extent, provides only a long and detailed list of economic activities, applicable to fiscal purposes, aiming to conform the business category.

As the data bank of the firms associated to each of the codes is not available in the CNAE, this study used the business pages of a telephone directory instead, in order to have access to the companies.

Methodology

The research can be characterized as a descriptive exploratory study. It was based on a rather wide concept of family business: a company whose ownership is in the hands of one or more families, whatever the generation in command. The choice of a wide concept was meant to avoid constraints to the accomplishment of the study

target, as the success of the construction of a methodology would be directly linked to how wide the range of obtained information could be. It can be stated that the concept adopted corresponds to *broad family business definition*, as portrayed in the outer circle of the *family business Bull's Eye* (ASTRACHAN; SHANKER, 2003). This concept was chosen because it is based on inclusive definition, that means it recognizes as family business not only those theoretically defined but also those, which for other reasons, scholars believe they are so (CHUA; CHRISMAN; SHARMA, 1999).

The target public was composed of companies established in Piracicaba, regardless of their field of activity or size. The research universe consisted of the companies in the telephone directory, excluding those known not to be family businesses. That was the case of government organs (City Hall and its departments), state companies, self-employed professionals, cooperatives, trade unions and non-profit organizations. The sample was composed of the 143 enterprises which returned the interviews.

The phone directory totaled 14,296 registers out of which 3,896 were excluded as they consisted of self-employed professionals and other names that did not indicate economic activity. Finally, it came to a net total of 5,841 company registers. Considering the size of the universe, the Systematic random sampling calculation was made as follows:

$$n = \frac{N_0}{1 + \frac{N_0}{N}} = 606 \quad \text{Where: } N_0 = \frac{p \cdot q \cdot Z^2}{e^2} = 676 \quad \text{and:}$$

$p=0.80$ is the probability of success, whose value corresponds to the estimation of participation of family businesses in the Brazilian company structure, the most recurrent percentage in the national literature;

$q=(1-p)=0.20$ corresponds to the possibility of finding non-family businesses in the universe;

$e = 0.03$ represents the margin of error considered;

$z = 1.95$ is the critical value of the Standard Normal Distribution Compute

alpha

(α): $\alpha = 1 - (\text{confidence level} / 100) = 1 - (95/100) = 0.05$;

N= 5841

represents the size of the set of identifiable elements that constitute the Universe.

The calculations resulted in 606 companies, corresponding to the sample to be worked with in the study, with a fraction of nine registers for the selection of companies to be consulted.

$$\textit{SamplingFraction} = \frac{5,841}{606} = 9,09$$

Once the sample calculation was concluded, we established a total of 202 hours for the 606 telephone interviews, following an estimation of 20 minutes for each of the calls. This calculation was necessary on account of the deadline determined by rules of the research sponsorship.

Meanwhile, an instrument for data collection was elaborated, consisting of the 11 questions presented in Exhibit 1, on whose base the directions for the identification of family business were constructed. In the contacts, priority was given to company owners or, as occurred in small companies, to their wives or siblings who also had the information required.

Keeping in mind the challenging aspect of an interview by phone, one of the initial concerns in each of the contacts was to inform the person interviewed about the research goal, its benefits to the study field and the ethical principles to be respected in the treatment of the data.

1. Name of person interviewed:
2. Position occupied in the company:
3. Company's legal corporate name:
4. Company's business name:
5. Field of activity:
6. Number of employees:
7. Year of foundation _____ or acquisition _____
8. Last name of the company owner(s)' family(ies):
9. In case the company is directed by owners, is (are) there relative(s) in management position(s) in the company?
 - 9.1. () Yes.
 - 9.1.1. What is the degree of kinship?
 - 9.1.2. What is (are) the position(s) occupied?
 - 9.2. () No
10. In case the company is not directed by owner(s), it is directed by:
 - 10.1. () A professional not belonging to the family
 - 10.2. () A member of the family. Degree of kinship with family owner(s):
11. The company is preparing successors to take over the company in the future?
 - 11.1. () Yes. Degree of kinship of the future successor with the owner:
 - 11.2. () No

EXHIBIT 1 – Instrument of data collection
Source: the authors (2015).

Overall, 721 calls were necessary along the period established for carrying out interviews in the project. Owing to the random character of the company selection, many attempts were necessary, as we could only perform interviews with those willing to participate. This way, we obtained a convenience sample.

Besides the voluntary adherence, the following factors contributed to a reduced sample: some of the companies had shut down; telephone numbers which no longer existed; telephone numbers registered as business were actually residential and had no relationship with the company registered in the phone directory; calls not completed due to problems with phone numbers. All-inclusive, 150 registers were cancelled in this process, which represented a loss of 23 percent of the forecasted sample.

Overall, 432 firms were contacted, 147 answered the research. The difference between the number of calls and the number of contacts resulted from the need to return many calls due to companies' requests. This fact represented a big loss to the research, as the expectation of a more effective participation did not take place. The use of e-mails as a resource to send the questionnaire was made when requested, although not all have been returned. This is a feature of studies in social

sciences, which generates convenience samples despite the rigor in the definition of a random sample.

Four out of the 147 answered questionnaires were discarded, owing to some sort of incoherence in the information, which made their framing in the family business identification flow unfeasible. Therefore, the final sample was composed of 143 firms, which represented 33.1 percent of the established target (143/432). The 95% confidence interval to estimate a population proportion and to estimate margin of error was calculated: 0.32 ± 0.34 . In order to calculate the significance of the sample, the error margin was calculated by means of the following formula:

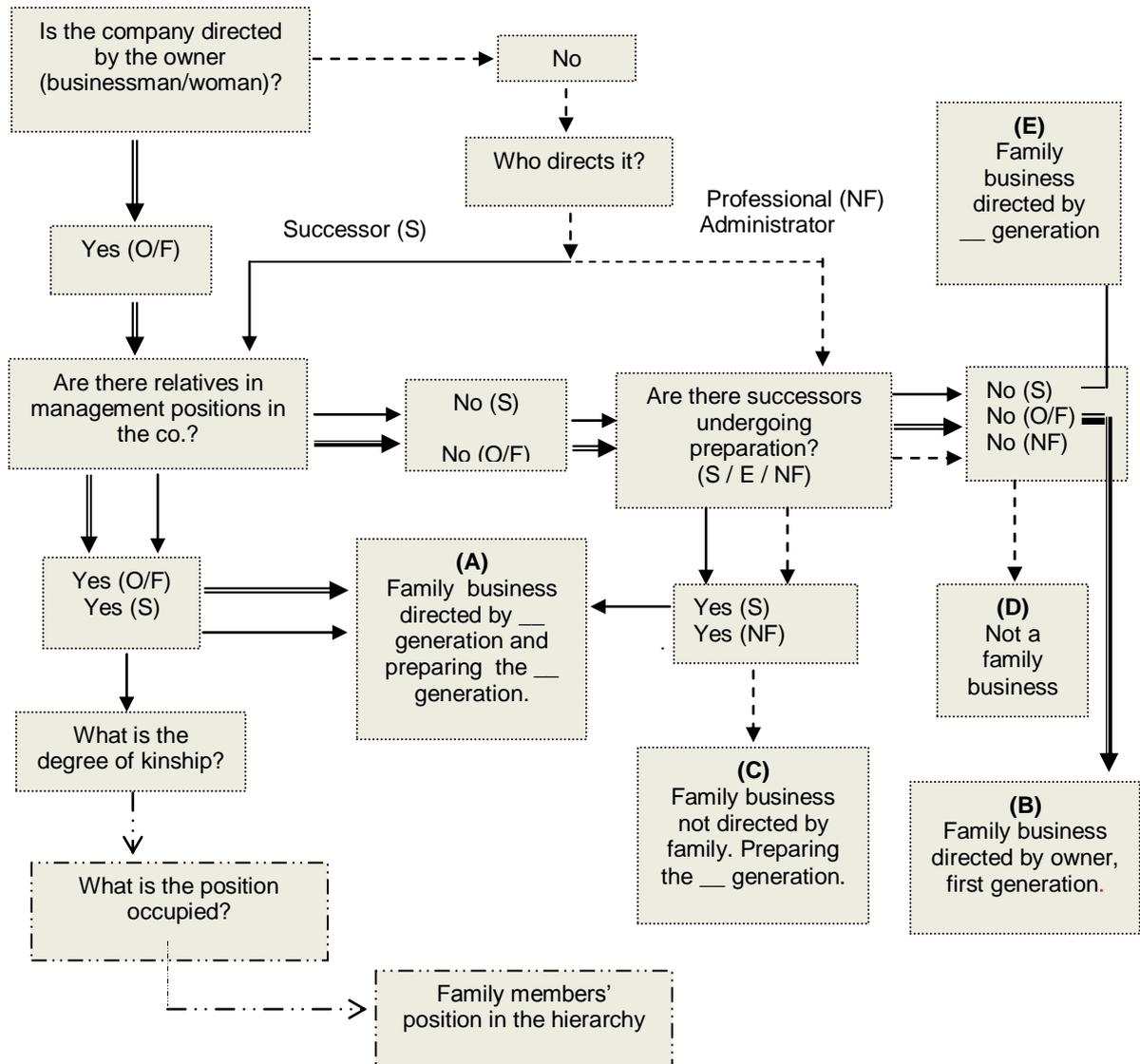
$$e = 1,95 \sqrt{\frac{0.32 \times 0.68}{143}} = 1\%$$

Where:

p=0.32 is the percentage observed of occurrence of the phenomenon “family business”

n = 143 is the number of elements of the sample.

A flowchart (Figure 1) was developed to drive the identification of family businesses, as originated from the instrument of data collections.



Legend:

SYMBOL	MEANING	INDICATION IN THE FLOWCHART
E	Enterprise directed by the owner (founder)	Double arrow
S	Enterprise directed by a successor	Simple arrow
NF	Enterprise directed by professional, not from the family	Fractioned arrows

FIGURE 1 - Flowchart for identification of family businesses

Source: the authors (2015).

The analysis of the answers from each of the businesses began with the inclusion of the collected data as from the top left-hand corner. To improve the visualization of the information flow, specific arrows were created for each of the possible situations, as shown in the chart legend: enterprise directed by owner or

founder (O/F), enterprise directed by a successor (S) or enterprise directed by a professional who does not belong to the family (NF).

In case the answer to the first question is positive, “Is the company directed by the owner?”, the flow goes on in descending, vertical direction “Yes (E)”, searching for information about the existence of relatives in management positions in the firm: “Are there relatives in management positions in the company?”. In case of a positive reply “Yes (E)”, the interviewer may choose to stop the flow at this moment and turn right, coming to condition “**A**”, which means that the company consists of a family-owned firm directed by a specific generation and preparing the next one.

The interviewer may also choose to continue in a descending, vertical direction, to collect information about the degree of kinship of the owner and this interlocutor, the interlocutor’s position in the hierarchy. Although the identification of a family firm can be made independently from these questions, it is important for the research to know the organization’s existing network.

Given the possibility of the firm being directed by its owner or successor, in the square referring to condition “**A**”, the indication of the generation in power and of that undergoing preparation are left open. The same profile can be fed by information originated from questions associated with situations in which the firm is not directed by the owner’s relatives.

If the company is directed by the owner and there are no relatives in management positions, the flow goes to the right, “No (O/F)”, being followed by the question “Are there successors undergoing preparation?”. At this point, only a negative answer is expected “No (O/F)”, which results in the conclusion that the firm is in condition “**B**”, that is, it is a family business directed by the owner, during the first generation.

Returning to the starting point of the flow, in case answer to “Is the company directed by the owner?” is negative, we should know who directs it: successor (S) or professional administrator (NF). Being directed by a successor (S), the flow follows to the left, descending to the question which is common to the flow generated by the situation in which the firm is directed by the owner: “Are there relatives in management positions?”. The affirmative answer follows to condition “**A**”, as previously mentioned. Here there is also the choice for a supplementary question

about the degree of kinship, as described above. There is also the possibility of not having relatives in management positions “No (S)”, when the flow goes right, coming to the question: “Are there any successors undergoing preparation?”. On obtaining a positive reply, “Yes (S)”, the flow descends and goes left, coming to condition “A”, where we have a family business directed by a certain generation and preparing the next one. If the answer is negative, “No (S)”, the flow goes right and upwards, aiming at the top right-hand corner, culminating at condition “E”, when we have a family firm directed by a certain generation, without information about the preparation for future generations to command the business.

Being directed by a “Professional Administrator – not family - (NF)” is the second alternative for the question “Who directs it?”, in case the firm is not commanded by the owner. This is a wide classification adopted by the research so as to comprehend all the possible alternatives of not having a family member in command. Following downwards in the flowchart, we come to the question “Are there successors undergoing preparation?”, which is common to other possibilities previously explained. In case the answer is positive “Yes (NF)”, we have condition “C”, that is, family business not directed by the family, preparing a specific generation for the command. One example is the case when the director dies, without the possibility of immediate succession within the family due to a big range of reasons, widely discussed in the specialized literature. A negative response about the existence of successors under preparation, “No (NF)”, leads us to condition “D”, non-family business.

Results and data discussion

This section starts exposing the profile of the sample, followed by the introduction and discussion of the flowchart.

Commercial businesses are predominant in the sample (80), followed by services (38) and manufacturing (25). As to the size of the sample firms, the participation of 108 microenterprises is significant, followed by 30 small businesses, one medium-sized business and four big companies. For this classification, the questionnaire was supported by the Brazilian Support Service to Micro and Small

Businesses (Serviço Brasileiro de Apoio às Micro e Pequenas Empresas - SEBRAE), an official organization that adopts the number of employees as a criterion, as demonstrated in Table 1.

TABLE 1: Criteria for classification of the size of the enterprises (n. of employees).

Sector	Microenterprise	Small-sized	Medium-sized	Big Companies
Industrial	Up to 19	20-99	100-499	As from 500
Commercial	Up to 9	10-49	50-99	As from 100
Services	Up to 9	10-49	50-99	As from 100

Source: Bedê (2006).

The four biggest companies have 150, 200, 200 and 567 employees, respectively. They are responsible for just over 40 percent of the jobs of the sample and they are family-owned. The biggest one, with 567 employees, would be framed as small according to North American parameters. Concerning age, it has a rather wide interval, with the strong presence of 70 enterprises founded as from the 1990's, although four of them range from 40 to 70 years of age. These results reflect the national reality surveyed and discussed by a report from the Global Entrepreneurship Monitor of 2005, according to which 60 percent of the small businesses are 10 – 15 years old (GRECO, 2006).

As mentioned, the second step of the analysis comprised the use of the flowchart to feature the sample according to the business classification. It has to be emphasized that they are not important per se, quantitatively, but they are relevant as a confirmation of the applicability of the tool developed by the authors. The valid data collected by means of the contact with the 143 enterprises from the sample were analyzed individually by the flow, allowing for their classification in each of the five conditions represented in Exhibit 2.

A	Family business directed by one generation and preparing successors
B	Family business directed by owner, in the first generation
C	Family business not directed by the family at the moment, but preparing successors
D	Not a family business
E	Family business directed by a specific generation

EXHIBIT 2 – Typology of family enterprises according to the flowchart
Source: the authors (2015).

This activity represented an important tool evaluation exercise, on providing the identification of deadlocks which required various improvements, until we reached the final format, as now presented. Meanwhile, the framework used for data collection suffered adjustments that will make future applications easier. The quantitative results obtained are shown on Table 2.

TABLE 2: Identification of the family businesses in the sample

Classif.	Type of Business	Freq.	%
A	Family business directed by one generation and preparing successors	64	44.8
B	Family business directed by owner, in the first generation	74	51.7
C	Family business not directed by the family at the moment, but preparing successors	3	2.1
D	Not a family business	2	1.4
E	Family business directed by a specific generation	0	0
Overall Total		143	100.0

Source: Elaborated by the authors based on data obtained in the study (2015).

The next step consisted in a synthesis of the data from the 141 family businesses of the sample, in search of their characteristics referring to management and succession status. The results are shown in the figure 2.

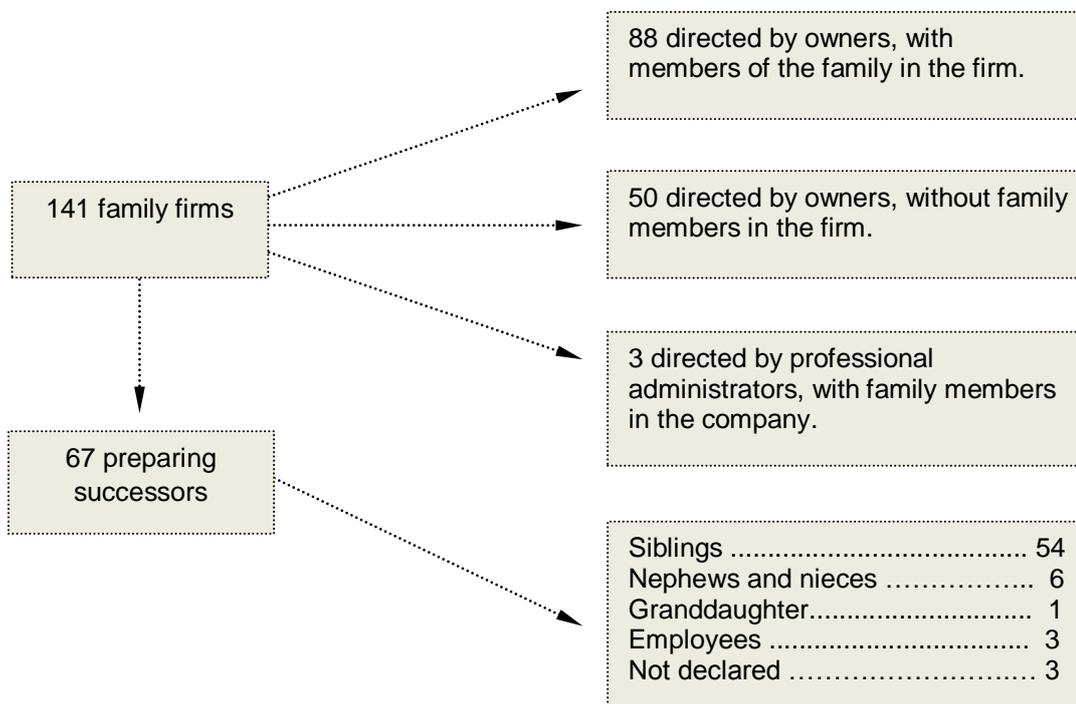


Figure 2. Profile of family businesses according to succession.

Source: Elaborated by the authors based on data obtained in the study.

The analysis was carried out comprising 88 businesses directed by owners with relatives in their staff. It showed that 47 of them (53 percent) had six or more employees. This new set of firms was then taken as the focus of this analysis, searching for the position occupied by the relatives in the firms and their degree of kinship (see Table 3).

TABLE 3: Positions occupied by relatives in the firms.

POSITION	TOTAL SAMPLE		'ONLY FIRMS WITH 6 OR MORE EMPLOYEES	
	Number of firms	%	Number of firms	%
Top management	55	62.5	24	51.1
Middle Management	12	13.6	9	19.1
Technical Area	13	14.8	9	19.1
Business owner / Partner	5	5.7	3	6.4
Not Informed	3	3.4	2	4.3
	88	100.0	47	100.0

Source: Elaborated by the authors based on data obtained in the study (2015).

As regards to the strong presence of small-sized businesses in the studied sample, the high concentration of relatives in management positions is understandable. The expressions “top” and “middle management” appear in the answer because the people interviewed had used them this way. However, the differentiation of management levels is not relevant for analytical purposes, considering the small size of the firms. The analysis focused on the 47 firms with six or more employees demonstrating the considerable weight of smaller firms, which confirms the perception that top and middle management levels may be considered equivalent in this study. Regarding the degree of kinship between relatives and the business owner, the results are summarized in Table 4.

TABLE 4: Degree of kinship with the owner.

KINSHIP	FREQUENCY
Siblings	54
Spouse	10
Nephew/ Niece	6
Brother/Sister	5
Brother/Sister-in-law	2
Father	2
Son-in-law	1
Grandson	1

Source: Elaborated by the authors based on data obtained in the study (2015).

As to the use of the family name in the legal corporate name, the study demonstrated this occurrence in 53 percent of the firms consulted. It was also observed that in less than one-fourth of the sample (23 percent) the name of the owner family is incorporated to the business name. Statistically, the 95% confidence interval to estimate a population proportion and to define a margin of error was calculated: 0.52 ± 0.054 . It indicates the fragility of the method proposed for the identification of family business.

The questionnaire also tried to identify the relationship between the variables “family name in the corporate name” and “size of the enterprise”. The result of such cross data showed low correlation, as shown in Table 5:

TABLE 5: Participation of the family name in the Corporate Name.

n. employees	WITH FAMILY NAME IN THE CORPORATE NAME		WITHOUT FAMILY NAME IN THE CORPORATE NAME	
	n. firms	%	n. firms	%
Up to 10	60	81.1	44	66.7
11-20	7	9.5	10	14.9
21-30	2	2.7	3	4.5
31-40	1		1	
41-50	1		5	
61-70	1		0	
81-90	1		1	
More than 90	1		3	
	74		67	

Source: Elaborated by the authors based on data obtained in the study.

As an additional point to this analysis, it must be focused on the case of the three family firms not directed by the family, but preparing successors (Group C, Table 2). Although they represent a minority amongst the businesses of the sample and the data collected do not allow for qualitative analysis, it could be considered the possibility of focusing on them from the Agency Theory point of view. According to the Agency Theory, the development of the business and the strategies adopted will depend on the agent's behavior towards risk (EISENHARDT, 1989), emphasizing financial objectives (WESTHEAD; HOWORTH, 2006).

In the case of family business, both the company's future and the successor's profile will be directly linked to how much power the family (principal) transfers to the professional (agent), even if it is just for a short period, while the successor is being prepared. Additionally, as competitiveness is a crucial factor for the survival of the business, is of utmost importance to understand entrepreneurship in family business (KELLERMANN; EDDELSTON, 2006), considering that the influence of a family outsider must be taken into account for analysis purpose.

Furthermore, referring to the results showed in Table 2, there were 67 firms preparing successors (A and C), which suggests that cultural issues could bring some light to the study, considering the features of the region where the business were embedded, given that a previous study suggested European migrants' influence on the region culture (CARRÃO; BILAC, 2006).

Final Considerations

The bibliography consulted led to some important considerations. One of them is that, in fact, there seems to be a consensus about the predominant interest in succession. It works when we analyze the production in family business segment comparatively.

A second consideration, more deeply connected to the purpose of this article, is that there are studies about the development of a methodology for the identification of family businesses, some of them proposing a standard method that allows comparative studies. On the other hand, it's recognized the need to explore more deeply the importance of family firms in national economies in order to deeply understand the context before developing cross-cultural researches.

A third, as a consequence of the former, is that on account of this reflection, despite the methodological sophistication in studies about family businesses, there is still room for the development of tools which allow us to measure their share in the local, national and international scenarios. Aiming at contributing to this line, this study focused on identifying and developing a practical method to classify the firms into family or non-family businesses. To make it possible, it's initially assumed that the family name incorporated to the legal corporate name or to the business name would be an adequate indicator.

Results showed that this variable was confirmed as an indicator that the firm is a family business, but they also demonstrated that not all the family businesses studied complied with this requisite. Statistically, a confidence interval of 95% with an error margin of 3% is not a reliable reference. Even when it comes to this conclusion, it can be stated that the study has accomplished its objective of contributing methodologically in producing a model for the identification of family businesses as well as some of their structural characteristics. An important outcome of the research is that tests also revealed that "family name incorporated to the legal corporate name" and "size of the firms" are independent variables.

It would be suitable to state that the investigation presented here is relevant in developing economies, where the space occupied by family businesses overlays that occupied by small businesses. Developing countries tend to lack data banks and/or

official sources of information, which limits possibilities of studies in various lines. Probably, this is one of the reasons why researches on succession and on the use of case studies are emphasized to the detriment of other typologies, such as those focusing on the evaluation of the relationship between micro and macro environments.

Case studies are important in the literature due to the fact that they demonstrate how the succession and other issues on family business, relationship between the family and the business, have been conducted. However, being dealt with as single enquiries, case studies contribute very little to the development of specific theoretical fundamentals, unless they are aimed at grounded theory purposes.

One of the benefits of the method proposed in this study – comprised by questionnaire and flowchart – lies on the possibility of measuring the identification based on five strata: family business directed by one generation and preparing successors; family business directed by owner, in the first generation; family business not directed by the family at the moment, but preparing successors; not a family business; family business directed by a specific generation. This wide range of possibilities opens new opportunities of analysis, mainly those on the cultural influence on family firms' behavior and on family entrepreneurship.

Finally, as in every other study, this questionnaire also encloses limitations. One of them refers to the fact that the method was developed, at least in this first version, to collect primary data. It should require improvements in order to become adequate for collecting secondary data. Certainly a series of tests in both senses – collecting primary and secondary data – may show arrangements it does not encompass. So it requires deepening and improving, so that it can be developed into a useful tool to research entities. In this sense, new quantitative tests are required.

References:

ASTRACHAN, J. H.; KLEIN, S. B.; SMYRNOS, K. X. The F-PEC scale of family influence: a proposal for solving the family business definition problem. **Family business review**, v.15, n.1, p. 45-58, mar. 2002.

ASTRACHAN, J. H.; SHANKER, M. C. X. Family Business' Contribution to the U.S. Economy: a Closer Look. **Family Business Review**, v.16, n.3, p. 211-21, Sep. 2003.

ASTRACHAN, J. H.; ZAHRA, S. A.; SHARMA, P. Family-sponsored ventures. In: FIRST ANNUAL GLOBAL ENTREPRENEURSHIP SYMPOSIUM, 1., 2003, New York. **Annual...** New York, 2003.

BEDÊ, M. A. (coord.). **Onde estão as micro e pequenas empresas no Brasil**. São Paulo: SEBRAE, 2006.

BIRD, B.; WELSH, H.; ASTRACHAN, J. H.; PISTRUI, D. Family business research: the evolution of an academic field. **Family business review**, v. 15, n. 4, p. 337-350, Dec. 2002.

CARNEY, M. Corporate governance and competitive advantage in family-controlled firms. **Entrepreneurship: theory and practice**, v. 29, n. 3, p. 249-265, Apr. 2005.

CARRÃO, A. M. R.; BILAC, M. B. B. "The history of family business as a reflection of the entrepreneur's ethnic origin". In: PROCEEDING OF THE FAMILY FIRM INSTITUTE, 20TH ANNIVERSARY CONFERENCE, 20., 2006, San Francisco. **Annual...** San Francisco, 2006, p.297-310.

CHUA, J. H.; CHRISMANN, J. J.; SHARMA, P. Defining family business by behavior. **Entrepreneurship theory and practice**, p. 19-39, Summer 1999.

CHUA, J. H.; CHRISMANN, J. J.; SHARMA, P. Succession and nonsuccession concerns of family firms and agency relationship with nonfamily managers. **Family business review**, v. 16, n. 2, p. 89-107, Jun. 2003.

COHN, M. **Passing the torch**: transfer strategies for your family business. McGraw-Hill, 1990.

COLLI, A.; FERNÁNDEZ PÉREZ, P.; ROSE, M.B. National determinants of family firm development? Family firms in Britain, Spain, and Italy in the nineteenth and twentieth centuries. **Enterprise & society**, v. 4, n.1, p. 28-65, 2003.

DAILY, C. M.; DOLLINGER, M. J. Alternative methodology for identifying family-versus nonfamily- managed business. **Journal of small business management**, v. 31, p. 79-90, Apr. 1993.

DUTTA, S. **Family business in India**. Delhi: tejeshwar sing/response books, 1998.

EISENHARDT, K. M. Agency theory: an assessment and review. **Academy of management review**, v. 14, n. 1, 57-74, Jan. 1989.

GRECO, S. S. S. **Global Entrepreneurship Monitor 2005**: Empreendedorismo no Brasil, IBQP, 2006.

CARRÃO, A. M. R.; SARTORI, M.; MONTEBELO, M. I. L.. Identifying and characterizing family enterprises. **Revista de Empreendedorismo e Gestão de Pequenas Empresas**, v. 4, n. 1, 2015.

HALL, P. D. A historical overview of family firms in the United States. **Family business review**, v. 1, n. 1, p. 51-68, 1988.

HANDLER, W. C. Methodological issues and considerations. **Family business review**, v. 2, n. 3, p. 257-276, 1989.

KAYE, K. **The dynamics of family business**: building trust and resolving conflict. Universe, 2005.

KELLERMANN, F. W.; EDDLESTON, K. A. Corporate entrepreneurship in family firms: a family perspective. **Entrepreneurship: theory and practice**, v. 30, n. 6, p. 809-830, 2006.

LANDES, D. **Dynasties**: fortunes and misfortunes of the world's great family businesses. Pinguin Group, 2006.

O'HARA, W.T. **Centuries of Success**. Adam Media, 2004.

SHARMA, P. An overview of the field of family business studies: current status and directions for the future. **Family business review**, v. 7, n. 1, p. 1-36, 2004.

SHARMA, P.; CHRISMAN, J. J.; GERSICK, K. 25 years of family business review: reflections on the past and perspectives for the future. **Family business review**, v. 25, n.1, p. 5-15, 2013.

SHINATO, T.; KAMEI, K.; KURASHINA, T. Convergences et Divergences Internationales des Problemes Autour des L'Entrepreneuriat Familial: Cas des Entreprises Familiare au Japon". In: 2 ÈME JOURNÉES GEORGES DOROT, 2., 2008, Paris. **Annual...** Paris, 2008. Retrieved from <http://www.ecole-management-normandie.fr/journees_doriot/PDF2008>.

WESTHEAD, P.; HOWORTH, C. Identification of different types of private family firms. In: POUZIOURIS, P.Z.; SMYRNOS, K.X.; KLEIN, S.B. (Edit), **Handbook of research on family business**. Elgar: IFERA, USA, 2006.

WORTMAN JR, M. S. Theoretical foundations for family-owned business: a conceptual and research-based paradigm. **Family business review**, v. 7, n. 1, p. 3-27, 1994.

ZAHRA, S. A.; SHARMA, P. Family business research: a strategic reflection. **Family business review**, v. 17, n. 4, p. 331-346, 2004.