

## STRATEGIC DECISION-MAKING IN THE FIELD OF CORPORATE IDENTITY

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### **Abstrakt:**

This article presents a complex project concerning family business in the Czech Republic. In the USA and Western Europe this type of business is the most common type of ownership. In the Czech Republic, however, this type of enterprise is not so usual, and at the same time it is not publicized much, and family businesses often do not know if they should involve themselves in their corporate identity. For this reason, research has been realized concerning the image of family business whose result is a recommendation or rejection of the publicizing of this information. The project is based on the identification of basic terms and making a precise definition of what family business is. The source of secondary research was scientific databases, internet resources and literature. After highlighting the basic terms a methodology was put together which set the exact procedure for achieving the defined aim. The methodology contained a precise set of steps in the field of data collection, the choice of respondents, determination of the purpose of the research, and the evaluation methods. This evaluation was carried out using descriptive statistics and completed by statistical hypothesis testing. At the end, answers to scientific questions and hypothesis are presented. The whole project identified new information about how family businesses are seen today by customers and provided advice on how to present this information when forming one's own corporate identity. The presented conclusion should serve family businesses as useful and up-to-date instructions when forming public relation both in relations with employees themselves and the surroundings of a firm as well.

### **Key words:**

Corporate identity, Family business, Qualitative research, Quantitative research, Pearson's chi-squared test

JEL: M10, M31

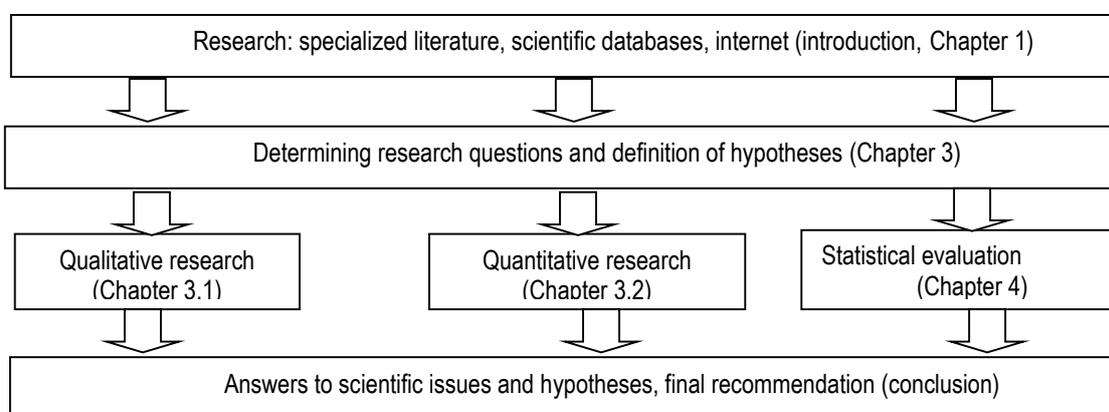
## **1 Introduction**

Family business is considered to be a cornerstone of the global economy. Research carried out both in Europe as well as in the USA shows that family business is the most widespread form of enterprise in the world and produces a substantial part of the world's wealth. In Italy, Portugal, Germany and France, for example, family businesses make up over 90 % of all business enterprises. Further research made in the USA shows that family businesses make up to 64 % of the gross domestic product of the USA (Odehnalová, 2008). Some of the largest family businesses are Volkswagen, Wal-Mart, Samsung Electronics and Ford. Myslivcová and Maršíková (2015) found that utilisation of marketing tools is influenced not just by the company's size, but also by the ownership. We can only guess at the number of family business in the Czech Republic. There are no official statistics. The estimate is about one-third of all companies on the Czech market (Podnikatel, 2011). They are mostly small and medium-sized companies but there are exceptions in companies with more than 500 employees such as Kofola, Madeta and the retail chain Hruška. The significance of family business is

therefore undeniable. In the Czech environment, however, many family business are afraid to present themselves as a family business. It often occurs that when building its company identity, the company does not wish to publicise the fact that it is a family business. This became a motivation for the primary research introduced in this article. (Anderson et al, 2003), (Ayranci, 2014), (Westhead and Howorth, 2006). The main aim of the research is a recommendation of whether family businesses should include information that they are a family business in their corporate identity. This aim was achieved by gaining information from customers, where the subject of research was to find out how customers see family businesses in the CR. The reason for the research and presentation of this article is to help family businesses to get an overview of how customers perceive family businesses and thereby confirm or reject the concerns of companies about presenting themselves as a family business in the Czech environment.

The presented project consisted of several parts which were interconnected. Great emphasis was placed on a logical sequence, which is presented in Figure 1.

**Fig. 1: Conceptual framework of the project**



Source: authors' calculations.

At the beginning of the project, determination of the scientific issues and an exact definition of hypothesis was carried out. Familiarization with the problem through literature searches followed, focusing on scientific databases, printed and internet sources. Searches focused on family business and partly on the problematics of building a corporate identity. The results of the searches were transformed into the research part, combining quantitative and qualitative research. Statistical evaluation followed, which answered the set scientific issues and hypotheses. In the conclusion all the gained information from the secondary as well as primary sources were summed up in the final recommendation of whether a company should or should not present itself as a family business.

## 2 Literature review

The article presents a project which looks at the specifics of family business and its relation to building a corporate identity. These issues are presented in the following subchapter. Family enterprise is seen worldwide as the biggest driver of the economy (Anderson and Reeb, 2003) (Buchholtz et al, 2001) (Alcaraz, 2004). On the contrary, in the Czech Republic family enterprise is understood as an activity of small to maximum medium-sized firms. This situation in the Czech Republic was caused by the post-war nationalization of all large family businesses, whose tradition was very hard to continue after 1989 (Koráb et al, 2008, ). The situation in the Czech Republic was different also in comparison with Poland or Hungary, where small companies existed even under the totalitarian regime. In the CR the private sector hardly existed; only 1.2 % of the workforce and 2 % of property were in private ownership before 1989 (Ondrčka, 2002, Tošovský, 2000). After the Velvet Revolution at the start of the 1990s the economic system of the centrally planned economy changed into a market economy. Židek

(2014) found that private sector share in GDP at the end 1990 in Czech Republic only 10 % but in Hungary and Poland 30 %. The key element of the change was privatization (Kočenda, 2003, Fuchs, 2002, Earle, 1997). According to Hanzelková (2004) owners of family businesses themselves did not see restitution in a positive light. Restitution concerned only land and buildings which after 50 years were in very poor condition

For the needs of the project the term family business was exactly defined. Zahra (2003) found, that the term family business is perceived differently in various countries and an exact definition does not exist worldwide. The parameters for the specification of family businesses in the Czech environment were set mostly from foreign research as Labaki at al. (2014), Poza (2009), Carlock (2010), Arregle (2007), where family enterprise is a current topic:

- At least two individuals from one family are directly involved in managing the business.
- These persons together or their families own a minimum of a 50 % share in the company
- The history of the company is longer than 10 years.
- The company will in future be owned by a close relative, thus the ownership structure is retained.

Family businesses often differ from traditional business companies. Several differences can be defined for them, which can be divided into strong and weak points in comparison with traditional companies. These strengths and weaknesses can be summed up from Staňková (2007), Koráb (2008), Macháček (2005), Littunen and Hyrsky (2000) as the strong and weak points that enterprise in family business brings:

- *Strengths of family business* have their own characteristics and can ensure a competitive advantage in the form of: mutual agreement among persons, involvement, knowledge, flexibility, long-term objectives, stable culture, speed in adopting decisions, the closeness of local markets, pride, effectiveness, productivity and socially responsible behaviour (Cliff and Jennings, 2005) (Buch, 2006) (Fialko, 2001).

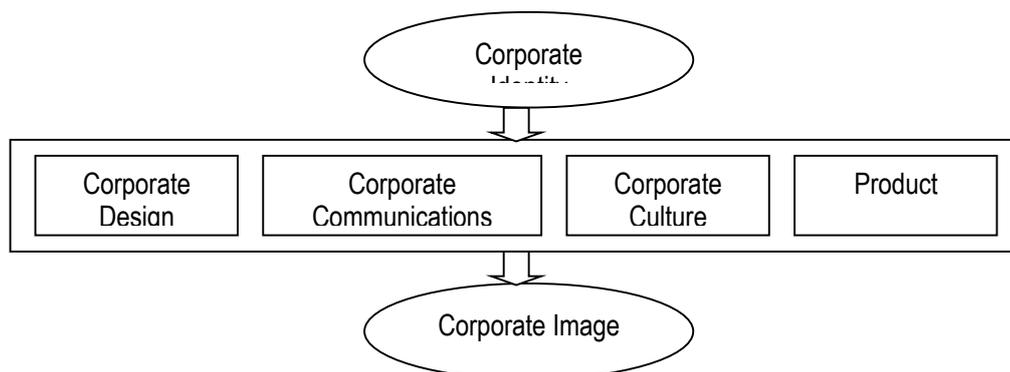
- *Weaknesses of family business* can be divided into internal and external pressures:

- External pressures - circumstances that cannot be directly influenced by the family business: public opinion, investors' stances, a country's tax policy.
- Internal pressures - originate from the very basis of these institutions and are divided into emotional and business pressures:
  - a) Emotional pressures: relationships between father and son, rivalry among siblings, spoiled child syndrome, communication among members, envy and jealousy.
  - b) Business pressures: business planning, organisational activities, business management, business control (Kalouda at al., 1998) (Daily and Dollinger 1992).

The article deals with the question of whether it is effective to present oneself as a family business. If the company decides to include this information in its public relations, it is necessary for it to specialise in forming its own distinctive corporate identity. Corporate identity (hereafter CI) is a part of public relations, which is the foundation of the communication mix. Kotler and Keller (2007) CI is a set of interconnected elements which operate inside and outside the company, and which together form the required image of the company. CI is conceived as the "*formation of a long-term vision with more permanent certainty in the given changeable conditions*". Through corporate identity tools, this vision can be realized on the assumption of planned and individual performance of the company in public (Svoboda, 2009). Currently, CI is perceived as a global name for several parts which it is necessary to differentiate and specify. The CI division is presented in Figure 2.

The picture shows the basic attributes which CI is composed of (design, culture, communication and product). These parts of CI are interconnected, even though they use different tactics. It is important to realise the difference between identity and image. Corporate identity is the effort of a company to present itself in a certain way, while corporate image is the perception of a company by its surroundings. Corporate identity is based on values set in the company's philosophy, which is a main tenet of the company (Abratta, 1989, Stejskalová at al.. 2008). It can be concluded that corporate identity is a tool for building image (Vysekalová and Mikeš, 2009).

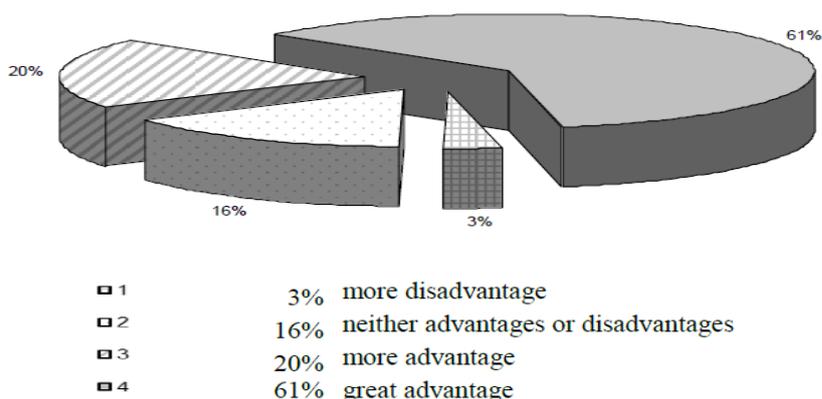
**Fig. 2: Corporate identity structure**



Source: Vysekalová, J. and J. Mikeš. Image and corporate identity

Part of the literature research was to find secondary research dealing with the same or similar problems. Although the topic of family business directly in combination with corporate identity is not presented in the Czech Republic, interesting research was carried out by the Association of Small and Medium sized Firms and Tradesmen in the CR in (2013), which addressed 64 small and medium-sized family firms. The evaluation of the research is presented in Figure 3.

**Fig. 3: Research of family business**



Source: The Association of Small and Medium sized Firms and Tradesmen in the CR

The results showed that 80 % of the respondents see their family form as an advantage. Meanwhile, the respondents understand their competitive advantage in: flexibility, stability, ethics in business, atmosphere in the company and long-term planning. On the other hand, 20 % of companies stated that the greatest disadvantage is the influence of their enterprise on family relations. To the question “How do you think family business is perceived by customers and business partners” they answered that they expect customer loyalty of up to 75 % and from their business partners 64 % of positive perception. This research involved company businesses directly, therefore, the answers might be distorted.

At the end of 2014, Equa bank a.s. (2014) had research carried out which dealt with the purchasing behaviour of family businesses. The results show that family businesses are a symbol of tradition for 65 % of Czechs. It was interesting that 50 % of Czechs consider the products and services of family businesses to be of high quality and 46 % of respondents state that these firms are responsible. The most common reasons motivating Czech customers to seek products and services from family firms are quality 71 %, individual approach to the customer 54 % and support for local

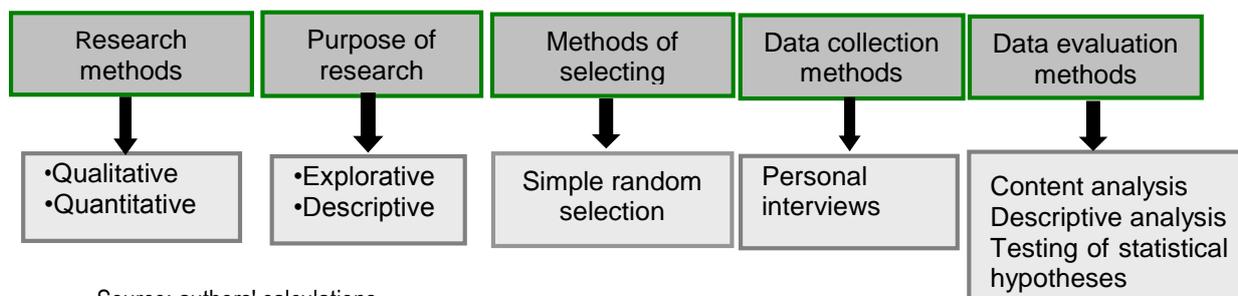
production 49 %. The growth in popularity currently of family businesses is also confirmed by the willingness of 90 % of respondents to pay more for a quality Czech product or service and 60 % who are willing to pay up to 20 % more.

The importance of family businesses can be expressed not only quantitatively, that is in numbers, but also qualitatively. Qualitative research shows that family businesses are oriented more towards the future than on short-term profit, and they tend more to build the brand of their family business. Family businesses are able to sacrifice profit in favour of further company development, which makes them more resilient to critical situations. Family businesses are seen as reliable business partners due to their stability (Strážovská, 2004, Hanzelková, 2006, Koráb at al., 1998).

### 3 Methodology

As presented in the concept of the project in picture No. 1, the project is based on literature research through media. After this research, part of which was also a presentation of secondary research in subchapter 1, followed the primary research. The research procedure of this primary research is presented in Figure 4.

**Fig. 4: Research procedure**



Source: authors' calculations.

**Research methods.** In terms of the methods used in the research, both quantitative as well as qualitative methods were used. Both research methods were applied in connection to each other. The qualitative methods precede the quantitative methods (Kozel, 2011).

*Qualitative research* - Qualitative research is the process of seeking an understanding based on various methodological research traditions of a given social or human problem (Creswell, 2008). The aim of qualitative research is to form new hypotheses, a new understanding of the problem (Disman, 2002).

*Quantitative research* - is based on data analysis, which can be obtained either by direct observation, experiment or questioning. This type of research was used to find out the amount of frequencies obtained for each answer. The output was then the number of accepted or rejected hypotheses.

**Research purpose.** With regard to the aims of the work, an exploratory purpose can be found in the research, which was used to explore and become familiar with the issue, and at the same time a descriptive purpose, which mapped the current situation (Saunders, 2002).

**Selection of respondents:** The simple random selection method is based on the fact that every element of the base group can be chosen. This method was used for the opportunity to test hypotheses, which is a condition for this method. The disadvantage of this method is the unbalanced occurrence of each sorting parameter.

**Data collection method:** The data collection method was adapted to the aims and evaluation methods. The base group was made up of respondents from the Liberec region who were randomly chosen for personal questioning. For this reason, the sorting parameter of geographical origin of a respondent was omitted, as based on the judgement supported by information, this sorting parameter

has no influence on the perception of family business. The only condition for inclusion in the evaluation was the correct identification of family business by the respondent themselves during the contact, or the parameters of family business were explained to them.

**Methods of data evaluation.** A content analysis is used for the qualitative evaluation. The definition of a content analysis is connected with the expressions: objective, systematic, manifest, reliable, valid and reductive analysis of information. The subject of the content analysis was the content of communication handed over as text. Whether the content analysis is purely descriptive or brings a more complex solution, a basic work layout can be identified for it in 5 points: research design, research organisation, validation phase, data acquisition and data evaluation (Scherer, 2004). The obtained data were evaluated using Excel. Of statistical methods a descriptive analysis (modus) and statistical hypothesis testing were used – Pearson’s chi-square test complemented by p-value calculation. The resulting p-value is the lowest level on which the zero hypothesis can be rejected. Pearson’s chi-square test is used to test the nominal variables which were used in the research, where the qualitative order of single occurrences are not set, therefore, there are no relations between values of the better – worse type. It is determined whether in the representation of pairs in each category of variables on the set level of statistical importance  $\alpha$  there is a statistically significant difference with the help of “Pearson’s  $\chi^2$  test” in relation (1). If the testing criteria is  $\geq \chi^2_{\alpha,1}$ , then  $H_0$  about the conformity of frequencies of phenomena on the level of significance  $\alpha$  is rejected. Then the p-value is calculated, which determines what mistakes can be made when rejecting the  $H_0$  hypothesis (Molnár at al., 2012).

$$\chi^2 = \sum_{i=1}^k \frac{(X_i - Np_i)^2}{Np_i} \quad (1)$$

The critical test value for level  $\alpha$  is shown in relation (2). The zero hypothesis about the independence of X and  $Np$  is rejected on the level of significance  $\alpha$  when the test statistical value  $X^2$  exceeds the appropriate  $100((1 - \alpha)\%$  division quantile  $\chi^2$ .

$$X^2 \geq \chi^2_{(r-1)(c-1)}(1 - \alpha) \quad (2)$$

The test conditions are that at least 80 % of cells in the pivot table have an expected frequency of more than 5 and all cells in the table (therefore, 100 % of cells) have an expected frequency of more than 2 (Meloun, 2006).

#### 4 The perception of family businesses

The foundation and starting point for every scientific research is the existence of research questions (Research Questions). The research question identifies the problem which shall be examined. Good research questions usually start with a general problem which is gradually narrowed down to a very specific topic of research. Questions can be of the WHAT?, WHY? and HOW? type and are asked in this order. The reason for this is that first it is necessary to know what is happening, then why it is happening and lastly how it is happening (Molnár at al., 2012). This procedure was also followed in this project and the research questions are:

- The first research questions: What is family business and how can it be defined in Czech conditions?
- The second research questions: Why can presenting information that a company is a family business bring a competitive advantage?
- The third research questions: How can the corporate identity be used to promote a family business?

After answering the scientific questions, the narrowing of scientific questions to set exact hypotheses followed. A hypothesis is a presumption, a conditionally true statement about the

relationship between two or more phenomena, about the existence of a fact, phenomenon and their causes. In empirical research it must be based on knowledge of the problem, in other words, on the formation of a conceptual research framework (Chráska, 2007). The hypotheses of the primary research are:

H0<sub>1</sub>: A firm which represents itself as a family firm does not have more credibility with customers than a firm which does not do so.

H0<sub>2</sub>: The age, sex or education of the respondents do not influence the perception of family businesses.

#### 4.1 Qualitative research

Qualitative research was seen as the exploratory part of the research and concerned obtaining general information about customers' perception of family businesses. The outcome of qualitative research was subjected to a content analysis, in which experts in marketing communication took part. The research was carried out in March 2015 and the research team gained answers from n = 81 respondents. After an overall analysis of the researched issue, a final synthesis was carried out, which divided the processed results into a four-part matrix.

The results of the content analysis are divided into positive and negative statements. At the same time the results can be divided into how family businesses are perceived by customers or employees. A summary is presented in Table 1.

**Tab. 1: Evaluation of qualitative research**

	Positive statements	Negative statements
Internal	<ul style="list-style-type: none"> <li>• Improved treatment of employees</li> <li>• More pleasant work environment</li> <li>• More motivated employees</li> <li>• Fair dealings without guile</li> <li>• Low staff turnover</li> </ul>	<ul style="list-style-type: none"> <li>• Preference of family members in the process</li> <li>• Differing assessment of employees and family members</li> <li>• Non-work problems resolved during working hours</li> <li>• Increased demands on employees</li> </ul>
External	<ul style="list-style-type: none"> <li>• More pleasant atmosphere in dealings and purchases</li> <li>• Every customer is important for them</li> <li>• Trust inspired by long tradition</li> <li>• Building a good name more important than profit</li> </ul>	<ul style="list-style-type: none"> <li>• Family businesses have high prices and rip off consumers</li> <li>• Family businesses do not communicate with consumers</li> <li>• They hide their family origins from consumers.</li> </ul>

Source: authors' calculations.

Finally, statements which cannot be included in the table, but are substantial in the respondents' answers, are presented. The fundamental information was the fact that for one quarter of respondents the kind of company it is plays no role. The respondents think that family businesses hold together better, they do many things either together or with easier mutual help, which also affects the running of the business. The kind of enterprise and size of the business are essential. If it concerns local firms, they are often connected with their owners and they do not want to gain a negative reputation. The view prevails that owners of family businesses built their company using their own effort and hard work and their enterprise is built on the quality of the product or service. Generally, the respondents assumed that in a family business all the members must join in managing the business and they all try and work regardless of working hours.

## 4.2 Quantitative research

The research was carried out through personal questioning in the Liberec region in March and April 2015 and followed on from the qualitative research. The questioning was firmly structured in the form of a questionnaire, which was tested before the beginning of the research itself. After eliminating incomplete responses and checking the logic of filled-in answers, n = 211 fully answered questionnaires underwent evaluation. The questioning was larger in scope, but the article presents only the most essential questions which concerned the set aim. The questioning can be divided into three parts:

**Part 1:** The respondents were questioned about whether they can identify a family business and which ones they may know. If the respondent could not exactly specify a family business, they were given enough information about the characteristics of family enterprise by the interviewer. Therefore, the respondent's familiarization of the issue was ensured so that they were qualified to respond. The evaluation is presented in Table 2.

**Tab. 2: Identification of the specifics of family business. Knowledge of specific family businesses (without help)**

41.71 % Term family business not known			
58.29 % Term family business known			
firms of Czech Republic		firms of the world	
Kofola	45	Ford	43
Koh-i-noor	41	Walmark	28
Hruška	40	Arcelor Mittal	26
Madeta	29	Wal-Mart	22
Ravak	15	Hiundai Motor	15
		Samsung Electronics	10

Source: authors' calculations.

122 respondents were able to answer the question of what family business is correctly, which is 58 % of all respondents. Conversely, 88 respondents, or 42 %, were not able to specify family business. It can be stated that the knowledge of the respondents was quite low, suggesting the low media presentation of topics concerning family business. All the respondents were subsequently introduced to the exact characteristics of a family business. An additional question in this first part was "What family businesses do you know?" This question was not provided with help, so the respondent was not given any help in the form of a list of companies. The resulting list of companies which the respondents mentioned as family ones contained 31 firms. Only those listed 10 times or more are mentioned. Consequently, for a better overview, the firms were divided into so-called Czech and foreign. Kofola was mentioned as the most well-known Czech firm. Among the most well-known foreign companies is Ford. It is clear from the results that the respondents do not have a good insight into which companies are family businesses.

**Part 2:** The second part of the questioning was made up of questions directly concerning the issue of family businesses and respondents were questioned about the trustworthiness, quality and frequency of shopping in family versus non-family businesses. To achieve the purpose of the contribution, the question of perceived trustworthiness of family business is essential, therefore, only this answer is processed in Table 3 for the purpose of the article.

**Tab. 3: Processing of question regarding trustworthiness**

Do you perceive family businesses as more trustworthy than non-family businesses?				
answer	frequency	percent	cumulative frequency	cumulative percent
yes	37	17.54%	37	17.54%
probably	107	50.71%	144	68.25%
don't know	22	10.43%	166	78.68%
probably not	30	14.22%	196	92.90%
no	15	7.10%	211	100.00%

Source: authors' calculations.

The results indicate that the respondents clearly expressed themselves in favour of family businesses. More trustworthiness when purchasing in family businesses was expressed by 68 % of respondents, of which 18 % definitely prefer family businesses. Conversely, clear untrustworthiness was expressed by only 7 % of respondents. Quite a high radicalization of answers is noticeable as the question "I do not know" was answered by only 10 % of respondents. The respondents determined as the modus the answer that they "probably" trust family businesses more than non-family businesses. This answer was chosen by 51 % of respondents. Based on the results emerging from the research, the zero hypothesis can be rejected and the alternative hypothesis accepted:

H<sub>1</sub>: A firm which presents itself as a family business has greater trustworthiness with customers than a firm which does not.

**Part 3:** The final part of the questioning focused on questions concerning the division according to specific sorting parameters, which were sex, age and education. The final division is presented in Table 4.

**Tab. 4: Frequency in sorting parameters**

education			age			sex		
University	109	51.66%	21 - 40	161	76.30%	female	150	71.09%
Secondary school	67	31.75%	41 - 60	26	12.32%			
Higher specialized	13	6.16%						
Apprentice with school leaving exams	8	3.79%	15 - 20	14	6.64%	male	61	28.91%
Apprentice	7	3.32%	more than 60	10	4.74%			
Basic	7	3.32%						

Source: authors' calculations.

The effort of interviewers was that the chosen group copied as closely as possible the basic group. As the data collection was carried out by simple random selection, some categories are, however, represented less and some more. Among the sorting parameters in the evaluation were included sex, age and education. The origin of respondents was omitted on purpose as the research assumption predicted that the results would not be influenced by this parameter because the whole research was carried out in the Liberec region. In education most respondents had university and secondary school education, in total 83 %. In age structure the modus was the age group 21 – 40, which was represented by 76 % of respondents. In sex women prevailed, as they made up 71 % of respondents.

### 4.3 Statistical evaluation

The overall evaluation of the research does not have to correspond with all groups from the viewpoint of the sorting parameters, which were – sex, age and education, therefore, the variables were subject to statistical research. Testing was carried out on the basic question of the trustworthiness of family businesses. As concerns nominal variables, the Pearson’s chi-square test was used, the methodology of which was presented in chapter 2. The statistical hypothesis test of independence begins with definitions of the hypothesis and alternative hypothesis:

H0<sub>2</sub>: The trustworthiness of family businesses is not dependent on the sorting parameters (age, sex, education).

H1<sub>2</sub>: non H0

Testing was carried out in three variants, for each sorting parameter individually. It was necessary to keep to the test conditions that at least 80 % of cells of the contingent table have an expected frequency of more than 5 and all cells of the table (therefore, 100 % of the cells) have an expected frequency of more than 2. Therefore, in some cases it was necessary to aggregate among categories. The test results are presented in Table 5.

**Tab. 5: Pearson's chi-squared test**

	Values of chi-squared test ( $\chi^2$ )	Test criterion ( $X^2$ )	p-value
1. age	$\chi^2 (4) = 9.48$	5.529	0.237193
2. sex	$\chi^2 (4) = 9.48$	9.911	0.041958
3. education	$\chi^2 (8) = 15.51$	11.358	0.182239

Source: authors' calculations.

**1<sup>st</sup> parameter.** When assessing the relationship between the trustworthiness of family businesses and age of the respondents, aggregation of the age groups had to be carried out to secure the test condition. The age groups had to be connected to respondents up to 40 years of age and the age group 41 or older. On the importance level  $\alpha = 0.05$  the independence of the trustworthiness that family businesses evoke and the age of the respondents was tested. The resulting value of the statistics comparing the measured and expected values was  $X^2 = 5.529$ . The critical value  $\chi(1-\alpha); df = 9.48$  is higher than the realization of the calculating statistics, which did not exceed the critical value. At the same time the p-value was calculated, which is the lowest level where we reject H0. The significance of chi-square is 0.24, and when compared with the border value 0.05, the calculated p-value is higher. The evaluation suggests that the zero hypothesis H0 (The size of trustworthiness of family businesses is not dependent on the age of the respondents) about the independence of individual signs we do not reject, and we do not accept H1.

**2<sup>nd</sup> parameter.** The assessment of the relationship between the trustworthiness of family businesses and the sex of the respondents was tested on the importance level  $\alpha = 0.05$ . The resulting statistical value was  $X^2 = 9.911$  when comparing the measured and expected values. The critical value for  $\chi(1-\alpha); df = 9.48$  is lower than the realization of the calculating statistics. Calculation of the p-value follows, which is the lowest level where H0 can be rejected. The significance of chi-square is 0,0419, and when comparing with the border value of 0.05 the p-value is lower. It can be stated that at the level of importance  $\alpha = 5 \%$  the zero hypothesis H0 about the independence of individual signs can be rejected and the H1 hypotheses accepted (The size of trustworthiness of family businesses depends on the sex).

As the test proved a slight dependence of the answers on the sex of the respondent, frequencies are divided according to sex in Table 6.

**Tab. 6: Trustworthiness of family businesses and sex of respondents**

female			male		
probably	84	56%	probably	23	37.70%
probably not	23	15.33%	yes	16	26.23%
yes	21	14%	don't know	8	13.11%
don't know	14	9.34%	probably not	7	11.48%
no	8	5.33%	no	7	11.48%

Source: authors' calculations.

In both sexes the modus, the answer with the highest frequency of “probably”, is the same. The most significant difference in the answers is visible in the second and third position from the viewpoint of frequencies. In women “probably not” is in second position and “yes” in third position, while in men “yes” is in second position and “don't know” in third position, but with lower frequency. Although the statistics showed that the differences between the sexes are statistically significant, searching closer, both sexes incline to more trustworthiness of family businesses. That is also proved by the calculated p-value, which is only slightly below the 0.05 % border.

**3<sup>rd</sup> parameter.** When evaluating the relationship between the trustworthiness of family businesses and education, aggregation had to be done from 6 categories to three to ensure the test condition. Similar categories were joined into one group. The first was made up of the education variants: basic, apprentice and apprentice with school leaving exam. The second group was made up of respondents with secondary and higher specialized education, while the third group only consisted of respondents with university education. On the importance level  $\alpha = 0.05$  the independence was tested and the resulting value of statistics was  $\chi^2 = 11.358$  when comparing the measured and expected values. The critical value is  $\chi(1-\alpha)$ ;  $df = 15.507$  and is higher than the realization of the calculated statistics and did not exceed the critical value. At the same time, the p-value was calculated, whose value of chi-square is 0.1822, and when comparing with the border value 0.05 the p-value is higher, so we cannot reject  $H_0$ . It can be stated that on the importance level  $\alpha = 5\%$  we do not reject the zero hypotheses  $H_0$  and at the same time do not accept  $H_1$  (The size of trustworthiness of family businesses does not depend on the education of the respondents).

The expression for the second hypotheses must be divided into three parts, individually for each of the tested parameters. Based on the given results from testing the statistical hypotheses, the following statements can be accepted on the importance level  $\alpha = 0.05$ :

- The perception of trustworthiness of family businesses is not influenced by the age of the respondents.
- The perception of trustworthiness of family businesses is influenced by the sex of the respondents.
- The perception of trustworthiness of family businesses is not influenced by the education of the respondents.

## 5 Conclusion and Discussion

Sem vlozte text diskuze In the article the results of both secondary as well as primary research are presented. Although family business is a very current topic worldwide, in the Czech Republic not many publications or research on this topic exist.

The first research question was “What is a family business?” This question was answered in chapter 1, which describes exactly how to define a family business in the Czech environment and at the same time mentions all the pluses and minuses which arise from family business. Further, based on literature research, confirmed also by the presented qualitative research, low awareness of family businesses in the CR was proved. The cause of this low awareness in people is the fear of family

businesses of connecting this information to their corporate identity. The research shows that this concern is rooted in a fear of jealousy and possible harm to one's own name, which is given by the non-standard development after 1948.

The second research question was "Why does presenting the information that a firm is a family business ensure a competitive advantage over other firms". This question was the subject of secondary research in chapter 1 and primary research in chapter 3.2. The results brought the following information. According to research by the Association of Small and Medium-sized Companies and Tradespersons in the CR, where the subject of questioning were companies, about 80 % of companies think that being a family business is an advantage. In this research companies suppose that their family business shall lead in 75 % of customers and 64 % of business partners to greater loyalty. Interesting research was carried out by the commercial bank Equa bank, which questioned consumers and stated that family business means for 75 % of customers higher quality. The research presented here also shows a positive evaluation of family businesses by customers, where 68 % of respondents stated that they place more trustworthiness in family businesses. These arguments are without doubt in favour of adding the information about family business to its CI.

The third research question asked "How it is possible to use corporate identity to promote family businesses." As explained in the theoretical part of the article, CI is divided into four parts. In each part it is briefly explained how to connect the information about being a family business to the CI.

➤ Company design – is denoted as a unified visual style. A family business has to connect the fact that it is a family business to its long-term plan, which includes using the firm's visual entity. Of the many tools in the field of company design the presentation of family business should concern brand building (branding), which involves the name of the company, its logo, and claim. A big opportunity for current corporate design building is creating and presenting the company's or brand's "story". In family businesses the content of the story can be for example the history of the firm, the firm's foundation or the link between the family and company. The creation of the story can be linked to another part of CI, company culture.

➤ Company culture – represents a number of attitudes and values which employees of the company share and maintain for a longer time. The opportunity of family businesses is to implement in their culture family values, rituals and company heroes. Generally, the values can be defined as principles which the company runs itself by, and which are part of strategic planning. The company should include these values in its public relations and introduce them continually to the public. Of these values, the family business can include, for example, personal responsibility, a friendly atmosphere, informality, veracity of information, environmental sustainability or customer protection. The company should present its family business in maintaining rituals, which include formal as well as informal speeches, meetings, sessions, events, where the set values of the family business should be expressed. In the company culture an essential role should be given to presenting heroes, most often the founder of a family business, who should be used as a model of behaviour for all the company's employees.

➤ Company communication – this is a summary of methods and tools of communication used inside and outside the company. Both parts are suitable for presentation of a family business. First is external communication (external public relations), where ways of how to represent the family business and build employer branding are numerous, for example, at public engagements, press conferences, in articles, company presentations at events, seminars, and promotion of standpoints in the media, Corporate Advertising or Government Relations. Company communication inside the company, Employee Relations, has an oral form, or written electronic internal communication. The company should continually present its family origins in combination with the company's values in company magazines, the intranet, presentations or events for employees, in which family representatives should always take part.

➤ Product, service - provide the content part of the CI, without which the other parts would be only a bubble. When presenting a family business it is essential what product or service are concerned. In

companies providing services this information can be included directly in the service. On the contrary, in technologically demanding products the presentation is a matter of packaging or the trademark.

The aim of the research presented in the article was to recommend to family businesses whether to include the information that it is a family business in their own corporate identity, or how to deal with this information. From the information originating from primary as well as secondary sources it can clearly be stated that "Yes, a company presenting itself as a family business is perceived by customers and business partners as more trustworthy than a company without this specification". In the article, options of how to incorporate the presentation of family business into CI are also briefly suggested. From the secondary research it emerged that there is a rise today in the trustworthiness of family businesses in the Czech Republic, although the difference between respondents' answers was not taken into consideration. These sorting parameters were the subject of primary research and subsequent statistical evaluation, and it was found that only in sex do there exist statistically significant differences in the positive perception of family businesses. The differences were analysed and it was deduced from them that both sexes prefer family businesses, but women are more cautious about their answers. On the contrary, men far more clearly prefer family businesses.

The conclusions of the article are a significant aid in the strategic decision-making of company. If the company according to the presented conditions is included among family businesses, it should add this information to its corporate identity. Presentation of this information can increase the company's trustworthiness, which will lead to a competitive advantage being gained. In the research, differences between sorting parameters were not found, therefore, the recommendation is valid for all suitable companies without distinction of who their target group is.

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