

ABSTRACT

THE FACTORS INFLUENCING THE PERFORMANCE OF FAMILY BUSINESSES IN GERMANY - EMPIRICAL SURVEY

Daniel Böhlich

Due to the complexity of family businesses, empirical research only sees a small advantage for business performance if the business underlies family control.

The purpose of this thesis is to close the research gap of previous studies on the performance difference between family and non-family businesses by analyzing the underlying effects that family control has on the management of the business. A comprehensive literature review showed that family businesses do not only pursue financial business performance, but that non-financial performance is at least as important to them. To address this, two main hypotheses are stated that confirm that family businesses have a higher financial as well as non-financial business performance compared to non-family businesses. Subsequently, differences in goal setting and usage of key performance indicators between family and non-family businesses are identified by a deep literature review. It is posited that family businesses have different organizational goals and approach these goals in terms of persuasion and control quite differently from non-family businesses. Family businesses that focus strongly on their external perception and public image have a better financial performance than non-family businesses. Additionally, family businesses focus strongly on internal and external stakeholders to achieve goals and manage their employees more informally which complies with the finding that a strong focus of family businesses on financial key performance indicators is detrimental to their financial performance.

For the non-financial performance of family businesses, it is shown that the focus of non-financial key performance indicators is detrimental to their non-financial performance.

The study was conducted in Germany. The gathering of data and the analysis as well as the interpretation was completed until September 2022. In addition, small and medium sized

businesses were taken into account for this study, with focal points on their ownership type (family or non-family), business age and business size. The goal of this study is reached by conducting desk and field research. Moreover, the empirical part of the study was carried out by an online survey. Consequently, the gathered data were analyzed by applying descriptive statistics and statistical significance tests. The hypotheses were tested by setting up a structural equation model which included independent, mediator and dependent variables.

Keywords: Family business, Goal setting, Mediation analysis, Business performance, Small and medium-sized enterprises