Corporate Value Statements

A comparison between
Swedish and German family businesses

Master thesis within Business Administration

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Abstract

Background: The statement of corporate values on a web page has evolved as a valuable communication tool for family as well as non-family businesses targeting various stakeholders. In this respect, family businesses are a special case considering their inimitable features and their value driven business approach. Yet, there is still a gap taking family business’ heterogeneity and its impact on the practice of publicly stating corporate values into account.

Purpose: The explicit purpose of this thesis is to examine if and how family businesses vary in regards to stating corporate values and whether these differences can be attributed to certain company features which define family business heterogeneity.

Method: By means of existing theory which is related to family businesses and corporate values hypotheses were developed and tested. Aiming to identify the relation and impact of specific company features on the statement of corporate values, a logistic regression analysis was applied. Those features include a family business’ size, listing on a stock exchange, ownership structure, age and national background. The data sample is based on 207 Swedish and German family businesses.

Conclusion: The study provides understandings about how family businesses vary in regards to stating corporate values and whether these differences can be attributed to certain company features. Firstly, insights were gained about the influence an increasing number of employees has on the statement of corporate values. Additionally, the impact of national background on the public statement of values has been proven. Moreover, the study revealed that revenue, together with age and ownership stake do not impact the practice of stating corporate values.
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Introduction

The first chapter is an introduction to our Master Thesis. Following the reader will be provided with the background of our study containing information about corporate values and family businesses. The purpose will be stated as well as the delimitations. The chapter is concluded with the structure of the thesis.

1.1 Background

Among researchers and companies alike corporate values experience an increasing attention. Nowadays a growing number of companies publicly communicate corporate values and integrate them into their daily business (Klemm, Sanderson & Luffman, 1991; Van Lee, Fabish & McGaw, 2005). In this respect, corporate value statements evolved as a valuable communication tool that summarize and express a company’s core intentions and beliefs directed to different kind of parties. The progress of the internet and with it the growing number of company web pages is believed to be a driving factor for this development (Wenstøp & Myrmel, 2006). Companies increasingly put more effort into the design of corporate value statements.

According to Thomsen (2004) corporate values can be defined as companies’ convictions or guidelines that help simplifying the decision making process, hence they are a set of principles that influence the operating business. Aggerholm, Andersen, Asmuß and Thomsen (2009) point out that the simple statement of corporate values is not sufficient, an integration and incorporation within the daily business is crucial to maintain a high credibility to the external environment. All employees from top to bottom should be committed to the values and consistently accept them, because corporations where everyone shares the same values, beliefs and assumptions are characterized with a strong corporate culture (Klenke, 2005; Van den Steen, 2010). An organization’s culture is the unique set of different values and norms that are shared across the company (Higgins & McAllaster, 2004). Therefore, a strong corporate culture enables a company to outperform competitors due to the employee’s strong connectedness (Hynes, 2009). In this sense it can be seen as an influential leverage factor.

By focusing on the internal impact of corporate values Duh, Belak and Milfelner (2010) claim that organizations should provide their employees with an environment where the “right”, desirable behavior is highlighted. In general values, among other effects, influence decision making, provide employees with a framework for decision making, emphasize the long term existence of the company and have the power to bring forward the stakeholders’ solidarity (Aronoff & Ward, 2010). External stakeholders attach importance to corporate values because they allow deducing a certain alignment and orientation of the company. In addition, corporate values do contribute to the organizational success by promoting commitment and forwarding a shared identity among employees (Klemm et al., 1991). Hence, corporate values can be decisive when it comes to the decision whether to support or impede an organization. According to Hollender (2004) corporate values serve as a stakeholder’s measure to control whether a company is complying with the given requests and accomplishing its objectives. Moreover, Blombäck, Brunninge and Melander (2011) state that the ongoing preservation and communication of values is a crucial means for
owners to generate benefits for their business. Nevertheless, it is important to mention that there exists no set of values that suits every company. Defining the right values is a unique process to any company and depends on the field of operation, customers and the like (Rhoades & Shepherdson, 2011). Also, if guiding principles are lacking or not incorporated correctly into the organization, they might hinder the affected companies to establish a sustainable business culture (Aronoff & Ward, 2010).

So far, organizational studies in general put its focus on internationally well-known large, publicly traded companies based in Western countries. Those, however, only comprise a fraction of the entire business settings. Generally, media narrows the reporting down to large multinational companies. Therefore, the awareness among society of the outstanding importance and contribution of family businesses to the economic performance of a nation is unfortunately low. Anyhow, the interest towards this special form of business increases whether among academics, economists or politicians (Sharma, 2004; Debricki, Matherne, Kellermanns, & Chrisman, 2009). This development is driven by the idea that the family component within a business accounts for an exceptional stimulus factor that other firms lack. Interestingly, the impact and quality of publication within the family business field, such as the Family Business Review, grew constantly in the last decade (Family Firm Institute (FFI), 2012a). Craig, Moores, Howorth, and Poutiouris (2009) investigated the number of articles concerning family business research published in journals within a 15 year time frame, from 1994 to 2008, highlighting that this research field has gained increased legitimacy. The amount of published family business papers is rising along with the number of institutes and research centers focusing on family business issues. Yet, Benavides Velasco, Quintana Garcia, and Guzmán Parra (2011) point out that family business research is still limited to some universal topics such as articles dealing with general and organizational theory.

In fact, family businesses are one of the prevalent organizational forms all over the world (Chrisman, Chua & Steier 2003; Lee, 2006; Mandl, 2008). Prior research has demonstrated that family businesses are contributing positively to national economic performance and are fundamental drivers when it comes to the creation of jobs and economic growth. The numbers speak a clear language: In Europe family businesses account for 97% of the companies that realize an annual turnover not exceeding one million Euros (Mandl, 2008). Nevertheless, as a special company form family businesses are, despite the common misperception, not only limited to small and medium-sized enterprises (SME). This is manifested by the fact that 34% of the companies with a revenue exceeding 50 million Euros are family businesses (Mandl, 2008). However, family businesses are by no means homogeneous since they differ considerable in terms of ownership structure, size, governance and the like. Family firms can range from sole proprietors to large global companies such as Haniel, Henkel or the Liljedahl Group.

Despite this fact scholars unanimously agree that in comparison to non-family businesses, family businesses are characterized by certain inimitable features (Gudmundson, Hartman & Tower, 1999). Family businesses differ from non-family businesses in respect to governance, which especially has an influence on time-wise orientation and social responsibility (Chrisman, Steier et al., 2003). They also take on a long term perspective keeping in mind that the upcoming generation is the one taking over the business other.
than in non-family businesses where the next CEO assumes the position. Owning families identify themselves strongly with the business, and due to the unique entwinement of family and business they are more likely to behave in a responsible way (Dyer & Whetten, 2006). Family businesses exhibit high levels of trust and commitment towards the own business (Lee, 2006). Traditionally family businesses are acquainted with a management style driven by values (Ceja & Tàpies, 2011). Consequently, due to their value driven approach, family businesses lay great emphasis on the possession of corporate values.

In today’s business landscape corporate values are of growing importance for all organizations regardless the organizational ownership structure. Prior research in this field has shown that the relevance of written corporate values is increasing among family businesses as well as non-family businesses (Blombäck et al., 2011b). Duh et al. (2010) state that family businesses and particularly the family involvement shape and contribute with the help of their principles and values to the design of the vision, mission and the corporate culture of the organization. As a result, organization’s behavior and actions derive to a large extend from the incorporated values. Within family businesses values are a powerful mean to foster the commitment of the family members and the employees and thus, they have a strong impact on the operations and the performance of the company (Aronoff & Ward, 2010). The power of corporate values and the strength of a family business’ identity activate in ideal case synergetic outcomes that engage the family and its key stakeholders (Carlock & Ward, 2010).

1.2 Problem Discussion

Family businesses strive towards maintaining a positive business image which is triggered by the relationship and entwinement of business and family to ensure and protect the family’s reputation. This may be accounted for the unique connection between the company’s behavior and the family’s image that is likely to be influenced by the action the company takes (Aronoff & Ward, 2010). Consequently, academic literature suggests that family businesses values are of significant importance due to the common believe that the owning families’ values do impact the organizational development to a large extent (Ceja & Tàpies, 2011; Duh et al., 2010; Distelberg & Sorenson, 2009).

As earlier mentioned, not all family firms are alike and they differ to a great extent. Family businesses are heterogeneous, one family business differs from another concerning for example the involvement of the family into the business, the relationships family members maintain with each other and the division of power. This could be a considerable factor in the reasoning for publishing values. It also meets the call for more studies among family businesses rather than focusing on the comparison to non-family businesses (Chrisman, Chua, Pearson & Barnett, 2012; Sharma, 2004).

In addition, Gupta, Levenburg, Moore, Motwani and Schwarz (2011, p.148) discovered in a recent study covering three regions - Anglo, Germanic and Nordic - “culturally sensitive characteristics” among family businesses and their work cultures. Guided by the GLOBE1

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1Global Leadership and Organizational Behavior Effectiveness Research Project (GLOBE) is a long-term programmatic series of cross-cultural leadership studies founded in 1993.
study, they concentrated on organizational dimensions such as family involvement and orientation. Thus, there is potential for a cross-country analysis, which targets the statement of corporate values. Based on the findings by Gupta et al. (2011), the decision has been made to explore Swedish and German family businesses particularly because they represent two of the three target regions. Furthermore, expanding the study to other regions provides a greater variety of family businesses.

As of our knowledge, there is no comprehensive empirical study covering those aspects plus investigating the influence distinct variables of family businesses have on the practice of stating corporate values. Although several scholars see corporate values as increasingly relevant (Ceja & Tàpies, 2011; Aronoff & Ward, 2010) the research specifically addressing corporate value statements of companies and particularly of family businesses, is still limited. So far research predominantly focused either on only one country and was primarily restricted to listed firms or distinguished between various industries (Blombäck, Brunninge & Melander, 2010; Faber, Olsson & Timbäck, 2010). However, distinctive studies of a context differentiation regarding country specific statements of organizations’ corporate values are still scarce.

In line with this development, the underlying thesis contributes to extend this field of research by focusing on the variety of family businesses and the practice towards stating formally written down corporate value statements. In view of the fact that family businesses not only differ in terms of characteristics, but also in the cultural context, the thesis will take this into consideration when scrutinizing corporate value statements. Linking existing literature about corporate values within family businesses and related theory contributes to the alternative in-depth look. It can further enlighten and serve the area for family business’ academics and practitioners alike in helping to understand why different kinds of family businesses may be more or less engaged in corporate value statements. Shedding some light on this issue might reveal specific patterns when it comes to the statement of corporate value. Or, valuable insights about common practices across countries can be gained and shared.

1.3 Purpose

The explicit purpose of the thesis is to examine if and how family businesses vary in regards to stating corporate values and whether these differences can be attributed to certain company features which define family business heterogeneity.

1.4 Delimitations

The conducted research does not provide qualitative insights about the content of corporate value statements issued by family businesses. The motivation for the publication of corporate value statements of the specific family businesses is not within the scope of this study. Moreover, it is delimited to companies that provide webpages, which may lead to a reduced number of final companies in the available data sample.
1.5 Structure of the Thesis

<table>
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<th>Chapter 1</th>
<th>Introduction</th>
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<tr>
<td>The first chapter is an introduction to our thesis. The background, the problem as well as the purpose of our study are stated. The chapter ends with a presentation of the structure of the thesis.</td>
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<td>The purpose of the second chapter is to present the reader previous research and theories about corporate values and family business research. Based on that hypotheses are developed.</td>
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<td>In this section the data findings for German and Swedish family businesses will be presented to the reader. The results of the descriptive and regression analysis are stated.</td>
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<td>In chapter five the data findings are analyzed and discussed critically. With a systematic approach the data will be linked to existing theory.</td>
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<th>Chapter 7</th>
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<td>In the last chapter further research opportunities will be proposed.</td>
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2 Frame of Reference

The second chapter starts with the current state of corporate value statements. Previous research and theories about family businesses with focus on the definitional dilemma are presented. The combination of corporate values and family businesses is the basis of our study. Finally, hypotheses are defined and linked to different family business’ attributes.

2.1 Corporate Values

2.1.1 Corporate Value Statements

In the past years a steadily increasing amount of companies uses mission statements to communicate with external and internal stakeholders (Klemm et al., 1991). Williams (2008) points out that companies use several different terms to describe this statements, some companies refer to them as corporate values statement, philosophy and the like. Corporate values are usually summarized in the mission statement or in the company’s statement of corporate values. Corporate value statements do not solely define the company’s area of operation; on the contrary they commonly provide information about the company’s purposes, objectives and values. Business executives frame corporate values because they are of excellent use to shape the stakeholder’s perception and opinion of the company and therefore influence the company’s reputation and impact the company’s relationships with third parties. For example, Booz Allen Hamilton, a leading consulting company and the Aspen Institute, an international non-profit organization, conducted a research called “Deriving Value from Corporate Values” in 2004 targeting companies in 30 countries revealing that within ten years’ time the way of communicating corporate values has changed significantly. In comparison to the beginning of the 1990’s, practices shifted to the publicly, clear and explicit statement of corporate values. Companies are reinforcing formally stated corporate values and using them as a competitive asset that distinguishes them from competitors (Van Lee et al., 2005).

The existence of a mission statement demonstrates the company’s ability to “think reflectively, plan carefully, work collaboratively, and make informed decisions” (Williams, 2008, p. 98). Therefore, the definition and statement of corporate values results in several advantages for companies as shown in the following. For instance, corporate values serve as a tool to unite all employees, regardless whether the individuals share the same values as the company. Moreover, they serve as a “unifying force” (Klenke, 2005, p.51) generating unity among employees, which contributes to the successful business execution. Corporate values stimulate the identification of the individual with the corporation (Williams, 2008). Furthermore, corporate values impact the internal decision making, since values serve as guiding principles by giving meaning and belonging to the employees and by setting a frame of how business should be conducted.

The content of corporate values varies case-by-case; commonly value statements focus on several areas. Various scandals in the past years, like BP’s oil spill in 2010, resulted in companies losing credibility among stakeholders which lead to a damaged reputation. To regain credibility and strengthening the good reputation of the corporation an increased focus on ethical behavior is being entrenched in value statements (Klenke, 2005). Moreover, values are related to social and environmental responsibility and values including
commitment to stakeholders are frequently stated (Van Lee, et al., 2005). The increased attention that is being placed on corporate values shows, that the importance of shareholder value is decreasing in favor for an increased regard of stakeholder value. Shareholder value maximization is no longer the unique vital objective corporations are striving towards (Klenke, 2005).

2.1.2 Communicating Corporate Values

Corporate value statements target two different groups, the external environment of the company comprising customers, suppliers, shareholders and the like, as well as the internal target group consisting of the company’s employees (Klemm et al., 1991). Hence, corporate value statements firstly shape and influence the company’s external image while at the same time they serve as incentives for the employees.

As previously mentioned, mission statements or value statements are commonly used as a reporting tool to communicate corporate values to the public. However, the way of delivering the information has changed in the past years. Previously the annual report was mainly the source of information about a company’s corporate values (Williams, 2008). Due to the ubiquity of the internet nowadays an organization’s mission statement and the corresponding corporate values can usually be found online, published on the company’s web pages.

Aggerholm et al. (2009) point out that the solely communication of values is not sufficient to activate the unifying power of values; therefore, values need to be incorporated and embedded into the organization for example in form of symbols and artifacts. Higgins and McAllaster (2004) argue that artifacts are unique characteristics that distinguish one business from another. Focusing on the company itself corporate values shape the company’s identity and culture. Cornelissen, Haslam and Balmer (2007) describe a company’s identity as the common meaning deriving from the affiliation of the organization’s members.

Accordingly, a corporate value statement is an effective instrument that makes the company look well-positioned and as such develops the relationship between a business and all parties involved. Since family intrinsic values are a source of strength (Dumas & Blodgett, 1999), family businesses are especially attentive to publicly share those with its stakeholders. In seeing “long-term sustainability […] as a consequence for the greater proximity of owner–managers to stakeholders” (Laplume, Sonpar & Litz, 2008, p. 1174), corporate value statements represent a valuable tool to reinforce those stakeholder ties by signaling core vision, attitudes and intentions.
2.2 Family Businesses

2.2.1 The concept

Family businesses account for a large part of businesses around the world (Chrisman et al., 2003). They are one of the oldest concepts of how to organize a business and their importance as a backbone of the economy cannot be stressed enough. Therefore many scholars tried to identify the unique characteristics that account for the difference between family businesses and non-family businesses. Moreover, there exists a prevailing opinion that family businesses differ from non-family businesses according to their organizational structure and the performance capabilities. Some scholars even argue that they possess a competitive advantage derived from being a family business which non-family businesses lack (Carney, 2005). The competitive advantage rests upon the family relationship which is the basic distinctive feature that distinguishes family businesses from non-family businesses. In the special case of family businesses, the family has an impact on the management and the ownership of the company and vice versa. The overlapping between the separate systems, namely the family, the ownership and the management of the company, form together the unique characteristic of family businesses (Figure 1). According to Distelberg and Sorenson (2009) all three subsystems are characterized by distinctive values which are balanced at the central overlapping part.

Moreover, internal stakeholders can adopt multiple roles such as owner, manager and family member. Due to the multiple role perspective the incentive to meet stakeholders’ needs is particularly higher (Zellweger & Nason, 2008; Neubaum, Dibrell & Craig, 2012). In line with such thinking, Stavrou, Kassinis and Filotheou (2007) suggest that owner or founder families due to this tight overlap manage their firms in a very philanthropic approach. In their empirical study they found that family businesses downsize less. Although no direct relation to employee-friendly policies could be found, they are convinced that the motivation not to downsize derives from the internal value system and embedded identity of family businesses. In fact, according to Neubaum et al. (2012),
employees are believed to be critical internal stakeholders, because through them benefits exclusively to family businesses can be gained. Given the explicit role of employees in their interaction with parties inside and outside the business, reputation is highly dependent on them. The authors show that special attention and concern to employees results in increased loyalty towards the family and the firm, which has a leverage effect on external stakeholders and performance.

Habbershon and Williams (1999) introduced the term “familiness”, a newly coined word to describe “the bundle of resources that are distinctive to a firm as a result of family involvement” (Habbershon & Williams, 1999, p.1). Carney (2005) argues that family businesses combine three different characteristics concerning the governance of the business, namely parsimony, personalism, and particularism. Parsimony describes the careful and sustainable allocation of resources that differs from family business to non-family business based upon the fact that the family owns these resources. Personalism can be described best by the freedom family businesses have when it comes to decision making since they own and control the company. Particularism is derived from the “personalization of authority” (Carney, 2005, p. 255) that comprises the liberty to employ goals and rules for the own business.

From a resource-based point of view family businesses are characterized by unique assets which namely are social, human and financial capital, that are not imitable by non-family businesses and contribute positively to the creation of a competitive advantage (Dyer, 2006). Social capital can best be described as the value deriving from the cultivation of social relationships that pave the way to access other valuable resources (Nahapiet & Ghoshal, 1998). Arguing that family businesses establish and maintain long lasting, enduring relationships over generations they can benefit from them. Hence, the relationships and the derived benefits result in a competitive advantage (Dyer, 2006). Human capital describes the education, capabilities, know-how, skills, abilities and knowledge embodied in individuals (Coleman, 1988). Family members involved into the family business do have a special incentive for the development and maintenance of excellent human capital, because it secures the own livelihood. Another factor influencing the development of human capital within family businesses is the fact that commonly family members know their companies from the scratch and therefore, grow into the business. Financial capital refers to the financial means available for a company to execute investments, since the availability of financial funds impacts the business performance to a large extent (Cooper, Gimeno-Gascon & Woo, 1994). Dyer (2006) argues that in times where the raising of capital on the market is difficult, for example due to economic downturns, families can rely on their own, bundled savings. The availability of savings for family businesses represents a competitive advantage over non-family businesses.

The different, family specific features of social, human and financial capital together result in the inimitable characteristics of family businesses that distinguish them from non-family business. Dyer (2006) refers to this phenomenon as the “family effect”. The family effect and the described unique family assets are transferred from one generation to another. It results in a specific advantage held by family businesses ensuring the long term alignment and persistence of values (Aronoff & Ward, 2010). This in turn, enables a steady and consistent communication of values towards the stakeholders (Mandl, 2008).
2.2.2 Definition: A one-size-fits-all approach?

Although the area of family businesses has lately attracted a growing number of scholars, still no consistent term is agreed upon as of today (Sharma, 2004; Chrisman, Chua & Sharma, 2005; Debicki et al., 2009; Blombäck, Brundin & Melin, 2011a). The only attribute that is certain is the involvement of the family in the business, yet leaving enough room for its type and extent. The challenging task is driven by the fact that different dimensions such as ownership structure, control mechanism or country-specific regulations, but also the existence of a wide range of size and performance measures make it difficult to clearly determine a typology. Thus, the main reason for this inconsistency lies in the nature of family businesses itself indicating an apparent complexity in generalising their various facets. Lansberg (1983) captured the exceptional characteristics of family businesses in the following words:

“[F]amily firms vary widely in their missions and strategies and in the markets in which they operate. Despite this diversity, however, one undeniable fact holds true for all family firms: These organizations exist on the boundaries of two qualitatively different social institutions — the family and the business” (Lansberg, 1983, p. 40)

In the attempt to provide a clear definition of family businesses, researchers created a collection of methods and findings in order to determine specific characteristics of family businesses. In an overview of family business studies, Sharma (2004) noted that the majority of researchers apply a comparative view on family businesses versus non-family businesses. However, in the underlying study it is also highlighted that this black and white approach is rather insular since it does not reflect specifics among family businesses. Accordingly, including variables such as the owners’ influence and behaviour, strategic direction and business culture (Chrisman et al., 2005; Astrachan, Klein & Smyrnios, 2002; Dumas & Blodgett, 1999) or cross-cultural differences (Gupta et al., 2011) conveys more valuable insights that lie in the essence of family businesses.

In fact, what is defined as an absolute, or traditional, definition of family businesses by Blombäck et al. (2011a) turns out to be a distinctive characteristic to assure comparability throughout several analyses. It refers to objective variables that describe the degree of family involvement in a company, transgenerational succession or income generation (Mandl, 2008). Recurring classifications are for example the allocation of family members holding the majority of ownership or proportion of seats in steering committees in the respective company. Just recently, Garcia-Castro and Casasola (2011) applied a so called set-theory methodology, which combines several components of family involvement and thus, helps to detect the relationship between them. Nevertheless, using only the just described approaches encounters criticism because the “definitions lack a theoretical basis for explaining why and how the components matter” (Chrisman et al., 2005, p.556).

In contrast to categorizing, various scholars turn toward a relative definition of family businesses (Blombäck et al., 2011a). With the F-PEC family business scale Astrachan et al. (2002) try to present a transparent and standardized approach that concentrates on the extent of family influence on a business. The three dimensional model combines the family

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2 familiness-power, experience and culture (F-PEC)
resources of power, experience, and culture in order to capture its decisive impact on a business. However, Rutherford, Kuratko and Holt (2008) criticize the lack of an essence component in this model in order to capture the realized family influence. Also, several behaviour-oriented studies deal with the interaction between family and business as a constellation of competitive advantage as a central research question (Debicki et al., 2009). According to Chrisman et al. (2005) the resource-based view along with the agency theory predominate the area of determining the uniqueness of family businesses in the 21th century. It underlies the common notion that a family’s relationships and culture is an important feature concerning inimitable performance and value creation (Sharma, 2004). Along with this goes the term “familiness” established by Habbershon and Williams (1999) that helps to assess a family business’ individual behaviour and capabilities while at the same time account for heterogeneity of such firms. On the other hand, for broad-based studies this aspect is assumed to be too intangible (Mandl, 2008).

Consequently, since family businesses describe an ample business form the lack of a cohesive definition is comprehensible. On condition that targeted dimensions are clearly stated and a profound reasoning is given, applying different or combining terms is somewhat accepted (Blombäck et al., 2011a). That is why depending on the research purpose and outline diverse definitions might come across. In conclusion, a one-size-fits-all approach for defining family businesses cannot be applied.

2.2.3 The Shortcomings

As it has been acknowledged by several authors family businesses are not only advantageous, on the contrary they are facing several problems, especially restricted to this special form of business (de Vries, 1993; Davis & Harveston, 1999; Sharma, 2004). Being a family business does not always lead to the retention of a competitive advantage. Lee (2006) states that family businesses can face special challenges which result in a competitive disadvantage. Due to the interweaving of family, ownership and management disagreements and conflicts in one subsystem may spill over and affect another subsystem and hence, restrict and hinder the successful growth of the business.

In fact, strong values based on family ties may hinder growth and adjustment to new economic conditions. Bertrand and Schoar (2006) argue that family businesses are in comparison to non-family businesses equipped with “patient capital” (2006, p. 75) that inhibits the pursuit of opportunities companies with a short term orientation would exploit. Patient capital derives from kinship ties and leads family businesses towards the quest of long term goals rather than focusing on current profit maximization. This behavior is grounded in the relationship characterized by the responsibility one generation has for the previous as well as the following one.

Succession related problems arise more frequently among family businesses than non-family businesses (Royer, Simons, Boyd & Rafferty, 2008). Many family businesses are facing a number of challenges when handing over the business and leaving the field for the successor. Lansberg (1983) points out that the overlapping of family and business accounts for numerous disputes concerning the decision for a suitable successor. Molly, Laveren and
Deloof (2010) argue that when family businesses progress from one generation to another, the individual focus changes which results in stagnation. Nevertheless, the stagnation may also be based on arising conflicts among the family and its members concerning the succession which than overflow to the business (Ward, 1997). De Vries (1993) points out that in family businesses internal logics tend to overrule business reasons. This phenomenon is demonstrated for example, when businesses are hiring relatives although, they are less suitable for the position than non-family applicants, only for the reason of nepotism.

Mitchell, Agle, Chrisman and Spence (2011) point out that because of stakeholder ties family businesses are dependent on the institutional logics they are based on, which include the danger to differ to a great extent. Due to their “dual-identity” relationships among internal stakeholders are more intense and complex within family businesses accounting for both positive and negative leverage effects. Examples of negative behavior include a mismatch in the perception of success or goals of different stakeholders (Sharma, 2004), a dysfunction in the family system (Mitchell et al., 2011) or a family’s assertion of individual interests and managerial entrenchment (Bingham, Dyer, Smith, & Adams, 2011; Dyer & Whetten, 2006).

### 2.3 Family Business Values

#### 2.3.1 Driven by Values

Family businesses are often described as a system characterized by a set of values that the owning family shares and holds (Peterson & Distelberg, 2011). It points towards the direction of a family business' exceptional essence and features. Due to the unique intertwining of family involvement within the business the values appreciated by the family are likely to be conveyed to the business, concluding that family businesses are perceived to be more value driven than their non-family counterparts (Ceja & Tápies, 2011). Summarizing Zellweger and Nasons (2008) literature review family businesses’ strengths as such lie in social or environmental initiatives, fairness and a sense of belonging, support of non-profit organizations, as well as job creation or security.

Facilitators to behave in a social responsible way are the value driven way of approaching business and the concern for a good reputation, implying that the family’s image is at stake (Chrisman, Steier, Chua, 2006). Yet, the opinions concerning the involvement of family businesses in a social responsible behavior are divided. Bingham et al. (2011) discover that corporate social performance within family businesses is higher as opposed to non-family businesses. They explain that through activities such as social initiatives and social concerns the firm’s particular identity orientation toward stakeholders is represented. Next to this reasoning, Dyer and Whetten (2006) argue that a family firm’s concern for its image and reputation is an important driver in acting socially responsible. However, Cabrera Suárez and Déniz Déniz (2005) point out that family businesses are associated positively as well as negatively in respect to responsible behavior. Adding on, prevailing nepotism as one negative feature related to family businesses may inhibit the execution of socially
responsible behavior. Whereas Morck and Yeung (2004) point out that family businesses' ultimate goal is the protection of the family wealth even at the cost of society.

The aim of a study carried out by Payne, Brigham, Broberg, Mossand and Short (2011) was to discover whether family or non-family businesses state values more often in their annual reports. They examined 435 companies that were listed on the S&P 500, an index including the stocks of the leading companies of the US economy, and revealed that family businesses have a stronger orientation towards stating values than their non-family counterparts. A reason for this result is the influence and impact the family has on the alignment of the company towards corporate values. To emphasize the heterogeneity of family businesses, Kashmiri and Mahajan (2010) point out the existence of differences concerning the presence of the founding families’ name as part of the firm name. Difference may be based on the fact that the visibility of the family name eases the linkage between the family, the family’s values and the business. Communicating the founding family’s name puts the family in the public’s eyes and therefore, impacts the family’s as well as the business reputation. Keeping the family’s name out of the firm’s name might safeguard the founding family from the effects of bad business performance.

2.3.2 A means to manage Stakeholders

The concept of stakeholder management, firstly introduced in 1984, implies that an organization should connect ethics with capitalism in order to account for sustainable value creation. According to Freeman (2010), who is acknowledged as the main advocate of this perspective, stakeholder management focuses on the creation of sustainable relationships while recognizing all fundamental parties affected by a company’s operations and objectives. Hence, businesses should take multiple stakeholders into account, rather than solely increase shareholder value. Stakeholders can be divided into internal - employees, owners, customers, and suppliers - and external parties - governments, media, communities, and society at large (Freeman, 2010).

Research has shown that any kind of stakeholders increasingly demand firms to assume responsibility (Laplume et al., 2008). This implies that in order for a business to succeed, it is important to actively create long term value for its stakeholders. Taking this into consideration, Cabrera (2011) suggests that organizations engage in valuable stakeholder relationships through trust, commitment and social norms. In today’s unprecedented and complex business environment this might not be an easy task. Especially in the face of the recent financial crisis and a skeptical perception of businesses worldwide, this idea gained topicality again. Hence, over the last decades this approach also obtained special interest among literature concerning strategic management, business ethics as well as corporate social responsibility (Freeman, 2010; Weiss, 2006; Mitchell et al., 2011; Dyer & Whetten, 2006).

For all businesses alike, the key of an entrenched stakeholder approach lies in the creation of sustainable, strong relationships with its stakeholders. Given this central idea, “[no] firm, whether it is a family or non-family firm, can escape the demands of its stakeholders” (Neubaum et al., 2012, p. 29). However, taking into account that family businesses are
regarded to be exceptionally value-driven, it appears reasonable to suggest that their unique context provides them with certain advantages in building relations. For family businesses values serve as a source of motivation and guidance when managing their stakeholder relations (Gallo, 2004; Ceja & Tàpies, 2011). The articulation of philanthropic values and vision is a means of involving the family in stakeholder engagement (Carlock & Ward, 2010).

All in all, the value approach should be directed to the benefit of all stakeholders (i.e. family and non-family), also with regard to potential conflict among stakeholders. That is why corporate values need to be analyzed carefully and placed from conviction in order to realize a beneficial effect on stakeholders. On the one hand, Freeman (2010) suggests a strategic direction analysis since values are an important part of the planning process and decision making. On the other hand, analysing the needs and concerns of different stakeholders is equally important to create mutual understanding (Sharma, 2003; Carlock & Ward, 2010). Then, values become a tool to align divergent perceptions about organizational as well as social behavior and aspirations. The interplay of effective stakeholder management and corporate values is acknowledged in the following statement:

"By building or strengthening stakeholder networks, companies can attune their values with those of their stakeholders, clarify their social responsibilities, develop new knowledge and innovative solutions to complex problems, enhance mutual understanding and build the trust and commitment necessary for collaborative action. In this role they can also act in accordance with their values and highest aspirations." (Svendsen & Laberge, 2005, p.103)

Although corporate value statements incorporate a rather small part concerning effective stakeholder management and treatment (Freeman, 2010), values per se play an essential and cost-effective role and cannot be neglected. In the case of family businesses a competitive advantages is rooted in their intrinsic value system especially seen against large multinational companies. Considering the concept of familiness – comprising unique resources and capabilities that is trust, goodwill, altruism, harmony – family businesses may better tap the full potential of stakeholder satisfaction. Ideally, they have strategic and competitive advantages if they establish a committed relation to their stakeholder groups (Carlock & Ward, 2010). Hence, family business values are a key in establishing longer, stronger and more personal stakeholder relationships than other business forms (Ceja & Tàpies, 2011).

Despite stakeholder theory approaches aimed at the interaction of family business stakeholders include the theory of social capital and stewardship (Chrisman et al., 2012; Mitchell et al., 2011; Zellweger, Eddleston & Kellermanns, 2010) as well as the resource-based view (Cabrera-Suárez et al., 2011). Overall, there is relatively little research concerning stakeholder management of family firms clearly asking for further studies and new concepts that mold the field (Laplume et al., 2008; Debicki et al., 2009). According to Sharma (2004) the current research literature provides little insight into explicit strategies used to maintain long term relationships with external stakeholders and how to embrace stakeholder salience. Furthermore, the impact of various stakeholder groups or pressure from dominant coalitions within family businesses should be further investigated (Chrisman et al., 2012; Bingham et al., 2011).
2.4 Characteristics influencing the statement of Corporate Values

2.4.1 Company Size

Wenstøp and Myrmel (2006) found a link between a company’s size and the presence of value statements. They state that the larger a company, the more likely corporate value statements are present. Size can be measured in financial terms such as revenue and the like as well as in non-financial terms such as the number of employees. The reason why large companies are more likely to publicly state corporate values is based on the fact that smaller companies lack the resources necessary to collect and disclose wide ranging information (Buzby, 1975). Smaller companies have limited possibilities to free resources for other activities than the execution of the daily business. Hence, the development and statement of corporate values may be kept unattended, in contrast to large companies being in possession of more resources to cover different activities. Another driver that probably leads small companies to renounce from publicly stating values may be a lack of external stakeholders’ interest.

Large family businesses including those with subsidiaries scattered in different geographic regions use corporate values to communicate with internal and external stakeholders, with special attention being placed on employees. Through the statement all stakeholders are acquainted with the company’s convictions (Thomsen, 2004). Accordingly, stakeholders are familiarized with the founding families guiding principles which are conveyed and transferred to the business.

Applying those findings to family businesses and assuming similar relationships, we suggest:

Hypothesis 1: With increasing size family businesses are more likely to state corporate values.

2.4.2 Stock Exchange Listing

Using a family business lens, stakeholder theory gives different existing perspectives on stakeholder management within this unique context. Primarily, it is directed at the attempt to explain and investigate the essential relation between the family and the business, because both systems overlap to create a stakeholder network which differs from non-family businesses (Mitchell et al., 2011; Neubaum et al., 2012). Thus, it is closely tied to the preceding discussion on intrinsic values and behaviors that family businesses represent.

Building upon the categories of internal and external stakeholders, Sharma (2001, in Sharma, 2003) explicitly examines family members, owners, and employees that are involved with the firm as internal and other groups as external stakeholders. Both groups exercise substantial influence on the organizational landscape. Furthermore, Sharma (2003) uses internal stakeholder mapping technique in order to establish a classification scheme that investigates different governance mechanisms within family businesses. Accordingly, in the search for a family firm classification, which is as previously mentioned a reoccurring
and predominant theme throughout family business literature, the concept of stakeholder management can serve as a valuable point of reference.

Internal stakeholders attach particular meaning to a family business since they directly influence the way how a business is operated (Mitchell et al., 2011). For instance, Zellweger and Nason (2008) highlight the role of the family as a key stakeholder in pursuing exclusive objectives and controlling the strategic direction related to the family business. Following this reasoning, Chrisman et al. (2012) give special attention to the expression “family-centered non-economic goals”. Those goals support shaping and reflecting a family firm’s behavior, which is guided by pursuing harmony, social status and identity linkage.

Along this line, stakeholder theory provides a constructive framework with regard to different performance measures of family businesses. Zellweger and Nason (2008) identify four distinct types of performance relationships in order to satisfy multiple stakeholders. In this work they come to the conclusion that especially overlapping and causal relationships foster stakeholder satisfaction and consecutively enhance organizational effectiveness of family businesses. By means of stakeholder theory Cabrera Suárez, Déniz Déniz and Martín Santana (2011) could develop a market orientation model in family businesses that generates potentially higher performance outcomes. Under the condition that this model is embedded in the corporate culture, family businesses are able to utilize an emerging dialog and strong ties to stakeholders in order to strengthen customer relationships.

While businesses are growing financial limits within family businesses may be reached. To access capital for the exploitation of new opportunities and realization of new investment the issuance of shares on the stock exchange are a consideration. As a result new, external shareholders that are not part of the family, need to be attracted. Values allow stakeholders to evaluate and deduce the orientation and identity of the company which may influence the investment decision. Moreover, values contribute to differentiate the company from other companies and competitors (Lencioni, 2002). In accordance with prior research, listed firms are more likely to publish corporate value statements because they encounter an increased pressure to engage with its stakeholders (Wenstøp & Myrmel, 2006). It takes into account that listed companies are strongly dependent on stakeholder claims for transparency and responsible behaviour, in order to for example, receive funding and accountability (Blombäck et al., 2010). Taking the above mentioned considerations into account our first hypothesis is formulated.

Therefore we assume:

_Hypothesis 2: Listed family businesses are more likely to state corporate values._

### 2.4.3 Ownership Structure

Drawing on agency theory the governance of family businesses differs from non-family businesses to a large extent which is embedded in the overlap of dimensions. Agency theory describes the divergence arising between managers and owners in comparison to owner managers (Eisenhardt, 1989). Divergences according to governance ascend with regard to information asymmetries, different attitudes towards risk taking or conflicting
goal setting. Accruing costs resulting from the deviating managers’ behavior in relation to the owners targets are referred to as agency costs. In contrast, Chrisman, Chua and Litz (2004) argue that within family businesses agency problems are less likely to arise due to the common striving towards similar goals and the continuous passing on of shared values from one generation to the subsequent one.

Owning families “have a motive to monitor what top managers are doing, as well as the power to do so.” (Le Breton-Miller & Miller, 2006, p. 735). When a family has a major stake within its business it is encouraged to look for mechanisms that control the relationship between agents. Recently, Blombäck et al. (2011b) found in a sample of Swedish family businesses that among family-controlled businesses the frequency to state corporate values is higher when members are solely involved in the board of directors and not in the management. Due to the restricted direct involvement in daily operations they argue that a family then utilizes corporate value statements as an instrument to maintain control over agents.

An alternative perspective is provided by stewardship theory. It is the desire “to take care of not only family members, but also related stakeholders such as employees, customers, suppliers, and the community at large” (Patel, Pieper & Hail Jr., 2012, p. 235). Thus, increased steward-like behaviour is motivated by the preservation of socio-emotional wealth (Mitchell et al. 2011). The concept is strongly connected to altruism since the creation of strong ties with non-family members also ensures the longevity of the business (Patel et al., 2012). It leads to the assumption that with concentrated ownership stewardship is much more pronounced in order to build close relationships between different parties. Again, the disclosure of corporate values helps to reach out to those stakeholders and promotes family stewardship over the company.

Since ownership concentration is believed to play an important role in establishing corporate values and taking the previous discussion into account we suggest:

Hypothesis 3: Family businesses with a high stake held by the family and its members are more likely to state corporate values.

2.4.4 Company Age

Building upon earlier outlined discussions, one of the main goals of a family is to preserve the business for future generations. Therefore, they are driven by altruistic and long term oriented purposes (Le Breton-Miller & Miller, 2006). Uhlaner, van Goor-Balk, & Masurel (2004) argue that family businesses in comparison to non-family businesses have a closer relationship with their employees and customers which is motivated by the long term strategy they pursue. Aranoff and Ward (2005) adopt the same idea in highlighting the long lasting commitment of a family to the family business values as a unique advantage. In turn, strong values in family businesses contribute positively to the formation of a strong corporate culture with a long term focus on high performance. Preferably, this cultural mind set is transferred to and maintained by successors.
Striving for stability and longevity that ensures lasting success is especially prevalent in family businesses. In order to ensure its legacy and identity, family businesses often invest in non-financial asset described as “the stock of affect-related value available to the firm” (Berrone et al., 2010, p. 82, cited in Neubaum et al., 2012). Maintaining socio-emotional wealth derives from the desire to continue ownership inside the family with regard to future generations, even if wealth in monetary terms might suffer. Consequently, it is by those characteristics that, next to financial wealth, socio-emotional wealth can be accumulated and preserved (Debicki et al., 2009; Chrisman et al., 2012; Mitchell et al., 2011). Over the long run, family businesses may be especially attentive to their stakeholders simply for the reason that otherwise they lose socio-emotional wealth (Neubaum et al, 2012; Mitchell et al. 2011).

A company’s age might relate strongly to the value approach of family businesses given the manifestation and incorporation of corporate values over time (Tàpies & Fernandez, 2010). The generation focus and the commitment to retain the business are factors that mirror the development of deep-seated values. Therefore, older businesses have a set of long-established incorporated values that derived and evolved across generations. Stating rooted values illustrates pride and tradition about a company’s existence for a sustained period of time (Aronoff & Ward, 2010), but also serves as a means to guarantee endurance for the future.

In line with those assumptions we propose:

Hypothesis 4: With increasing age the practice of stating corporate values among family businesses is more likely.

2.4.5 Country of Origin

In Europe around 80% of all companies are family businesses active in all existing sectors, contributing around 40-50% to employment (Mandl, 2008). Both countries are members of the European Union. Although Germany and Sweden, due to their European background and the geographical proximity, are widely perceived as similar, there is ample evidence for differences between them. Most notably is their size measured by number of inhabitants. As of the latest EU figures from 2011, Germany has 81.8 million inhabitants, in Sweden live 9.2 million people. The number of family businesses among all businesses is in both countries relatively high. In Germany 79% of all businesses account for family businesses; while in Sweden 80% of all businesses are family businesses as of 2010. German family businesses employ approximately 45% of the German workforce by generating 40% of national turnover, whereas Swedish family businesses employ 60% of the Swedish workforce by generating 30% of national turnover (FFI, 2012b).

In evaluating national and organizational culture, Geert Hofstede developed the well-known cultural dimensions theory. In his fundamental work, he argues that cultural differences between countries are extremely distinctive and obvious when it comes to values (Hofstede, 2001). By differentiating countries according to their scores on power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance Hofstede analyses national culture. Comparing German and Swedish national
culture related to the dimensions the following basic findings appear (Figure 2): Germany is primarily characterized by high masculinity within society avoiding uncertainty. Sweden on the other hand is categorized as a feminine society approaching uncertainty with easiness. Both countries have highly individualistic societies with low power distances and a short term orientation.

Figure 2: Hofstede’s Cultural Dimensions. Comparison Germany and Sweden (Hofstede, 2001)

As a key message, Hofstede stresses that national culture and organizational culture cannot be seen separately and that they have substantial influence on each other. Therefore, there is reason to believe that business culture is influenced by national origin. Hofstede (2001) argues that within organizations different cultural backgrounds largely affect business practices. In addition, Nelson and Gopalan (2003) conducted a research comparing the effects national culture has on organizational culture with the result that organizational culture is varying from nation to nation. Businesses sharing the same origin are consequently similar in practices. Moreover, Gupta et al. (2011, p. 143) suggest to pay attention to cultural features of family businesses because of the “embeddedness of families and cultures”. Hence, the statement of corporate values by family businesses might vary depending on the context namely taking the national background and culture into account.

In 2010, the German based Stiftung Familienunternehmen published a country-index assessing the local conditions for family businesses in 18 different countries including Germany and Sweden. The survey provides information concerning the advantages and disadvantages of the countries in respect to taxes; unemployment, productivity and human capital; regulations; funding and public infrastructure. The five different categories result in an overall index comparing the conditions family businesses are facing in the different countries. Sweden scored higher than Germany, resulting in a ranking order with Sweden on the 7th position, followed by Germany on the 11th. Sweden scored higher in all categories besides funding, where Germany is ahead of Sweden. The different rankings are proving
that there exist differences within both countries affecting the performance of family businesses.

Taking the cultural differences as well as the distinct local conditions of both countries into consideration we assume:

*Hypothesis 5: Family businesses with a Swedish background are more likely to state corporate values.*

In the following, our research model provides an overview of the developed hypotheses illustrating family business characteristics that might influence the statement of corporate values:

![Research model of characteristics influencing the statement of corporate values](image)

*Figure 3: Research model of characteristics influencing the statement of corporate values*
3 Method

This chapter describes the motivation for the chosen research method. Followed by a description of the research approach and the data collection, the relevant variables which form the basis for formulating the regression model are then described. The last section of this chapter deals with the data analysis and quality.

3.1 Research Approach

The goal of the thesis is to provide a deeper understanding about the practice of corporate value statements among family businesses in Germany and Sweden and if this is influenced by their heterogeneous character. Therefore, typical company features and their impact are identified, compared and analysed within the different context. In order to fulfil this purpose an empirical study applying a deductive method is conducted. By means of existing theory which is related to family businesses and corporate values hypotheses are developed and tested.

Aiming to test the previous outlined hypotheses and measuring their statistical relevance a quantitative approach is chosen. In this case compared to qualitative research, potential influences by personal opinion or emotions are eliminated. Instead, this method enables to collect and summarize a considerable amount of secondary data from different sources within a short time frame. Given the heterogeneity of family businesses a larger sample is necessary to account for this diversity. Accordingly, a broad range of desired company features can be assessed. The collected data sample then is a snapshot from the larger target population. Also, this approach gives the possibility to sort and compile the relevant information in an ordered, systematic manner. Based on the secondary data a regression model including quantitative and qualitative variables is developed.

The multiple regression analysis is a multipurpose statistical method very widespread among economics and social sciences. The main idea of this model is to investigate the relation between two or more variables and to find out how one variable affects another on the basis of collected data. Multiple regression analysis supports to clarify and quantify the dependency of one variable, the dependent variable, on other variables, the independent variables (Gujarati, 2003).

In respect to this research, the ordinary logistic regression allows using dependent variables that are qualitative in nature, such as gender, ethnicity or religion.

"Logistic regression determines the impact of multiple independent variables presented simultaneously to predict membership of one or other of the two dependent variable categories."
(Agresti, 1996, p. 569)

Such categories are represented in the equation using so called dummy or binary variable for the dependent variable. A dummy variable can take two values, 1 for the existence and 0 for the absence of a prescribed category. Hence, the logistic regression is especially appropriate to examine the influence of various variables on the statement of corporate values while analysing family business data within the German and Swedish context. The
general logistic regression model can be defined as a mathematical formula referred to as the logistic distribution function (Gujarati, 2003):

\[ P(Y = 1) = \frac{e^z}{1 + e^z} \]

where \( z = \alpha + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_i X_i + \mu \)

\( P \) stands for the probability that the dependent variable \( Y \) is 1 and \( \alpha \) is the intercept. The beta coefficients which represent the respective impact of the independent variables \( (X_1, \ldots, X_i) \) holding other factors fixed are denoted as \( \beta_1, \ldots, \beta_i \). The error term \( \mu \) indicates always present unobserved factors, which cannot be incorporated to the model.

In our empirical study separate regressionscenarios are conducted, two covering either Germany or Sweden, and one taking both countries into consideration. In all models the binary dependent variable illustrates the existence of corporate value statements. The independent variables used can be quantified into contingent organizational and economical characteristics of family businesses of a given year. The research will be conducted with the help of the software package SPSS Statistics, which calculates the coefficients and descriptive statistics necessary for the interpretation and evaluation.

### 3.2 Data Collection

The data for the whole sample was gathered by browsing family businesses web pages and annual reports. It should be noted that the sample is restricted to companies that have a web page. The sample contains data from 2010 and 2011, on account of some companies that have not yet published their annual reports for the financial year of 2011.

The data for the Swedish family businesses has been made available by Anna Blombäck, on behalf of the Centre for Family Enterprise and Ownership (CeFEO) of Jönköping International Business School (JIBS). We limited our sample to companies that explicitly perceive and describe themselves as a family business for the reason that this approach is in line with our research purpose. We place paramount importance on the fact that the family businesses used for our sample consider themselves as family businesses and are aware of that fact. The Swedish sample that has been made available for our research comprised a statement of the company whether they are a family business or not. Among the total number of firms in the survey, family businesses of this category added up to 418 cases. The German sample therefore consists of companies that are either a member of the Family Business Network (FBN), or clearly state on their web pages that they are a family business. Consequently, only companies that characterize themselves as a family business have been used for our data sample.

Current data concerning a company’s revenue and number of employees, if neither stated on the company’s web pages nor in the annual report, has been gathered from the German
Bundesanzeiger, published by the German department of Justice containing corporate proclamations; and the Swedish allabolag\textsuperscript{3} database. German companies with a revenue below 500,000 Euro and an annual net profit not exceeding 50,000 Euro in two consecutive years are according to § 241a Handelsgesetzbuch (HGB)\textsuperscript{4} not obliged to disclose their annual reports to the public. Therefore, the German data collection is restricted to the respective revenue and net profit limits. Based on this fact, the decision has been made to adjust the Swedish data accordingly by not considering micro firms as defined by the European Commission\textsuperscript{5}. This type of company has less than 10 employees and a turnover of 2,000,000 Euro or less. The tendency for small businesses to not have a web page at all supports this reasoning.

The study of the web pages, annual reports as well as the databases required five days of consulting and was carried out between 20th and the 25th of April 2012. The sample includes only those firms that had full information on the variables of interest. After dropping cases with missing information about the variables included, the final sample consisted of 207 firms, of which 100 were German and 107 were Swedish family businesses. As a precondition to a regression model, it is essential that the amount of data is considerably larger than the number of independent variables. Thus, the quantity used is adequate for conducting the regression.

3.3 Variable Description

The basis of a logistic regression model is grounded in a sound selection of relevant variables which explain the dependent variable. Otherwise, a misspecification bears the risk that the statistical estimation is distorted. Therefore, the decision to include a variable is not only based on logical reasoning, but also in consulting previous family business research and theoretical concepts in order to account for a reasonable model (Gujarati, 2003).

The dependent variable represents the practice of corporate value statements coded as (1) for yes or as (0) for no existence. The allocation derives from the examination and scanning of companies’ web pages and annual reports. Unless a company’s values are not clearly stated either on the web page or in the annual report, a “yes” codification is not assigned.

Since companies follow different ways in communicating corporate values (Blombäck et al., 2010), the location and description of values can differ among the sample. For instance, values described as guiding principles or beliefs and as a part of company philosophy or culture are considered as an evident value statement in the study.

Addressing the purpose, characteristics associated with a business are denoted by the independent variables. Those can be quantified into attributes of family businesses that

\textsuperscript{3}This database summarizes the latest annual key information of Swedish companies from Bolagsverket, Skatteverket, SCB and UC

\textsuperscript{4}Handelsgesetzbuch is the German commercial law

\textsuperscript{5}as per the EU Commission Recommendation 96/280/CE, of 3 April 1996
describe on the one hand organizational factors such as listing, age and ownership structure and on the other hand economic factors such as performance and firm size measures or industry variables. All variables are summarized in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of Corporate Values (CVS)</td>
<td>Companies stating corporate values on their web page or in their annual reports.</td>
<td>A dummy variable providing information whether a company states corporate values (1) or not (0).</td>
</tr>
<tr>
<td><strong>Independent Variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organizational factors:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listing (List)</td>
<td>Listed on a stock exchange or not.</td>
<td>Listing reveals information if a company is listed (1) or not listed (0) on a stock exchange.</td>
</tr>
<tr>
<td>Ownership structure in % (Own)</td>
<td>Shares owned by the family and its members.</td>
<td>Percentage of combined shares owned.</td>
</tr>
<tr>
<td>Age in years (Age)</td>
<td>Year of foundation or incorporation.</td>
<td>Age of the company as of 2012.</td>
</tr>
<tr>
<td><strong>Economic factors:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance in Euros (Perf)</td>
<td>Revenue a company is generating as a performance measure as natural logarithm (ln).</td>
<td>Revenue generated in a specific year the company.</td>
</tr>
<tr>
<td>Nr. of Employees (Empl)</td>
<td>Size measure that depicts total number of employees as natural logarithm (ln).</td>
<td>Total numbers of the company's employees of a specific year.</td>
</tr>
<tr>
<td><strong>Control variables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry (CON; RET; MAN)</td>
<td>Specification of industry company is operating in.</td>
<td>Allocation of company to either consumer wholesale and retail trade (1-0-0), service industries (0-1-0), manufacturing (0-0-1) or others (0-0-0).</td>
</tr>
</tbody>
</table>

Table 1: Variable name - Definition - Explanation

The variable indicating the listing of a company is coded as a dummy where (1) stands for listed and (0) for non-listed. That means firms are either listed on the German stock indices such as DAX or DAXplus Family or in the Swedish case listed at indices for instance OMX or Aktietorget.
The age variable is used to measure the longevity of family businesses. For the German sample firm age is measured in years from the foundation date, whereas in the Swedish sample firm age derives from the year of incorporation according to data availability.

As previously mentioned the ownership structure is a major distinctive feature among family businesses. In the case of Sweden, the percentage of shares owned by the main shareholder is stated in the given sample and, thus incorporated to the model. The variable depicts the combined share a family and its members own in the company. Due to the disclosure restriction in Germany, data concerning the ownership structure is only available in distinct cases, which leads to the drop out of this variable in the regression model.

With respect to the heterogeneous character of family businesses considering size as defining variables is important. When it comes to performance family businesses vary to a great extent and it is still an on-going research topic among family business research (Yul, Lumpkin, Sorensen & Brigham, 2009). Frequent financial performance measures include return on investment, profits, turnover or number of customers. In the underlying study performance is captured by revenues because those numbers are publicly available for all firms. In order to define firm size one of the most common measures is used, that is the number of full-time employees. In order to avoid strong correlation both variables are transferred by calculating their natural logarithm (\( \ln \)).

Past research has emphasized the importance of industry differences in businesses (Jorissen, Laveren, Martens & Reheul, 2005). Using three dummy variables, which serve as control variables, the firms are classified into four industry groups - consumer wholesale and retail trade, service industries, manufacturing, and others. This is a comparable classification which can be found in several studies as well (Yul et al., 2009). According to the primary activity of the company the industry membership is allocated. Referring to a company’s web page the German data is segmented correspondingly. The Swedish sample comprises an allocation to the different industries by using its single digit NACE\(^6\) code. Following the designed classification the NACE codes from 1 to 3 belong to manufacturing, 4 and 5 to consumer wholesale and retail trade, 6 and 7 to service industries, and the numbers left to other industry fields.

Finally, to specifically address the final hypothesis concerning the national background, a regression for the whole sample with the country as a binary variable is conducted (1 for Sweden and 0 for Germany). This approach is suitable to determine the particular influence of family business origin on corporate value statements.

### 3.4 Data Analysis

Within econometrics, common statistical measures are given to interpret a generated data set. Before analysing the interdependency of the variables with the regression model the descriptive statistics are examined. They give a picture about the data distribution and provide useful hints to the structure and quality of the sample. In a first step, the spread of

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\(^{6}\) This is the European industry standard classification system
the values of each variable is analysed via typical statistical methods. It includes the range which simply is the difference between minimum and maximum values and the mean which shows where the data is centred. As another measure of dispersion the standard deviation and the variance are used. This is especially relevant for the metric variables since a wide variety might distort the regression results. Also, in order to get a first impression about the data graphical tools such as histograms, which visualize the frequency distribution, and scatter plots can be used. The beforehand analysis is important to detect possible inconsistencies within the data.

When it comes to the relationship among the variables used, the test for correlation is of utmost importance. It reveals the type and degree of connection and thus, illustrates whether variables are strongly correlated to each other at a given significance level. A correlation matrix using the Pearson correlation coefficient helps to decide if the independent variables are highly positive or negative correlated and thereby depend on each other. If this is the case, it needs to be scrutinized whether one of the variables might be excluded from the model (Gujarati, 2003). This decision should be based on the overall context and purpose of the analysis.

### 3.5 Data Quality

With the intention to account for quality throughout the data, the collection of the sample is conducted in a non-biased manner and selected randomly to receive validity. Although in some cases information was drawn from single sources, the authors paid special attention that those are recognized as reliable and universal by other parties. Also, in order to receive valid information current data was verified in comparison to previous data.

In the beginning univariate methods are applied to identify the distribution and structure of the data and to account for a sound empirical analysis with the collected figures. The reliability of the underlying study is backed up by consulting similar research and methodologies. This approach should ensure that the study can be replicated without any limitations. The data collection method is constructed in a consistent and systematic way to repeatedly yield the same result so that the ability to duplicate is achieved.

### 3.6 Limitations

With regard to the regression modeling, it should be noted that by no means all influential and explanatory factors on the dependent variable can be captured through the independent variables chosen. However, the model aims at depicting reality as close as possible with careful consideration of variable inclusion or exclusion.

In addition, the perception about the validity of corporate value statements lies in the authors’ choice and, thus incorporates a potential subjective impact. Also, due to the strict quantitative method applied for the underlying thesis the outcome is of numerical nature. Thus, it does not allow for deep insights into single cases. The collective and dense data sample for example makes it difficult to concentrate on a selective phenomenon.
4 Empirical Findings

This chapter presents the empirical data gathered from browsing the companies’ web pages and annual report. The results of the descriptive analysis and the regression are summarized and presented to the reader.

4.1 Descriptive Results

Our sample consists of 107 Swedish and 100 German family businesses, resulting in a total sample of 207. The structure of data is shown in the descriptive statistics. A summary of the independent and dependent variables for the Swedish and German sample is illustrated in Table 2.

![Table 2: Descriptive Statistics for Sweden (SE) and Germany (DE) (SPSS Output)](image)

In total a number of 89 (43%) family businesses stated corporate values on their web pages or annual reports. Thereof 48 (48%) for German family businesses and 41 (38%) accounted for Swedish, indicating that the minority of family businesses in our sample stated corporate values.

Referring to performance, indicated by the natural logarithm of revenues, the data reveals that the range for German family businesses has a wider range in comparison to the Swedish ones. The same holds true for the number of employees. The family business employing the most people is German, employing in total 180,050 people. The family business with the smallest number of employees is Swedish with 23 employees. Overall the standard deviation ranges within a normal spread due to the transformation into natural logarithms.

In total 37 (18%) family businesses are listed on a stock exchange, which equals to 34 (34%) German businesses and to three (3%) Swedish businesses.

In Sweden, the average stake a family and its members have in its company is 92%. This results from the fact that the majority, that is 76 (71%) of Swedish family businesses owners, holds a 100% stake of the company.

On average family businesses in Germany are 93 years old, whereas Swedish family businesses are 44 years old. The standard deviation of the German sample is twice as high.
as the Swedish one. The oldest family business is of German origin and is twice as old as the oldest Swedish family business.

<table>
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<tr>
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<th>lnRev</th>
<th>lnEmpl</th>
<th>Own</th>
<th>List</th>
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<th>SER</th>
<th>MAN</th>
</tr>
</thead>
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<td>-.014</td>
<td>-.573**</td>
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<td>-.110</td>
<td>.055</td>
<td>.036</td>
<td>-.420**</td>
<td>-.438**</td>
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</table>

*, Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 3: Pearson Correlation matrix for variable set Sweden (SPSS Output)

In all models similar relationships among the variables can be examined according to the correlation matrix. Thus, the Swedish case is exemplified in Table 3, whereas the additional cases can be found in Appendix 1 and 3. For all models it can be noted that revenue and employees are strongly positive correlated at a 5% significance level. This relationship is absolutely comprehensible since in a broader sense large businesses have a greater output than smaller ones. This connection can be accepted also because the Variance Inflation Factor (VIF) statistic is within a valid range. A similar reasoning can be applied to the relationship of revenue and employees with listing, which in both cases is linked to a positive correlation at a 10% significance level. In addition, the strong negative correlation among the control variables representing the industry is reasonable. It is based on the fact that belonging in one group excludes the membership in another group. Among the industry categories the service sector stands out because it is strongly correlated with age, employees and revenue. Age shows a negative direction which indicates that younger businesses are mostly found within the service industry. Within the same sector Swedish companies are somewhat larger compared to other industries, this is not the case in Germany. Other variables do not show significant high correlation.

### 4.2 Regression Results

With reference to the regression results special focus is put on two indicators in order to identify the influence. First, the beta coefficients ($\beta$) are analyzed to assess whether they are statistically significant. Second, the conversion of the beta coefficients into an exponential function is known as the odds ratio (Agresti, 1996). It represents the change of chances of a family business stating corporate values for a one unit increase of the dependent variable.

All other variables in each model were not significant at the stated significance level. An overview of all variables per model and their relevant beta coefficient (B) plus the odds ratio (Exp(B)) is given in Table 4 (see Appendix 1-3 for detailed SPSS Output).
The results of the regression for German family businesses revealed that the variables for employees and listing are relevant at a 5% level. The odds ratio for employees is at 1, meaning that the likelihood of stating corporate values increases per one unit change, in this case meaning per one additional employee. Listing increases the odds of stating corporate values about 1.4 times.

For the Swedish sample only the variable for employees is significant at a 10% level. The odds ratio equals two, therefore it is two times more likely that the business states corporate values per one additional employee.

The results for the German and Swedish family business regression model show that the significance for employees ranges at a 5% level and that the odds ratio accounts for 1.6. The significance for listing is at a 10% level and the likelihood of corporate value statements increases 2.4 times when a company is listed on a stock exchange. The country variable is strongly significant, indicating that a family business with a Swedish background is three times more likely to issue corporate values.

<table>
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<th>SE</th>
<th>Exp(B)</th>
<th>DE + SE</th>
<th>Exp(B)</th>
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<td>-010</td>
<td>.990</td>
<td>-010</td>
<td>.990</td>
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<td>.520</td>
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<td>.896</td>
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<td>1.153**</td>
<td>3.169</td>
<td>1.153**</td>
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<td>207</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

* p < .1; ** p < .05

Table 4: Overview logistic regression results with Corporate Value Statement as dependent variable (SPSS Output)

The overall goodness of fit is shown with pseudo a so called R-square the Nagelkerke R Square, which cannot be equated with the R squared from linear regression. The German model showed the highest explanatory power, followed by the combined model Sweden – Germany. Still, for all models the goodness of fit is rather low. Another measure is given by the proportion of cases that are correctly predicted by the model indicated as percentage correct in Table 4. Here, prediction for the Swedish and the combined model is somewhat better than for the German model.
5 Analysis

In this section the authors will analyze the empirical findings and connect it to related theory. The reasoning for the confirmation or rejection of the developed hypotheses is stated.

5.1 Company Size

Hypothesis 1: With increasing size family businesses are more likely to state corporate values

We partly found support for hypothesis 1 stating that with increasing size family businesses are more likely to communicate corporate values. For both countries the coefficient for employees is significant. However, contrary to our hypothesis the coefficient for revenue had no significant influence on the practice of stating corporate values for family businesses in Germany and Sweden. The results therefore do not point to a coherent result.

As hypothesized the number of employees indicated an increased probability for family businesses to publicly state corporate values. The odds ratio for employees in the German sample compared to Swedish sample is lower. The difference between the countries may be based upon the fact, that Swedish society is characterized by a higher level of femininity than the German one (Hofstede, 2001). Swedes highly value equality and have a very advanced social system. Thus, one could argue that in Sweden there is more common for businesses to publicly communicate their corporate values.

The findings support not only our argumentation that a company’s size, in terms of number of employees, is linked to the presence of corporate value statements, but the outcome is also consistent with related theory. For instance, stakeholder theory suggests that companies should not solely focus on the maximization of shareholder value, but are advised to take all different stakeholders into consideration. Employees belong to internal stakeholders together with owners, customers, and suppliers. In line with this theoretical approach companies are urged to establish a sustainable and long lasting relationship with its key stakeholders. Corporate values are a tool to unite a business’s employees (Klenke, 2005). Therefore, it is reasonable that companies with an increasing amount of employees are more likely to publicly state corporate values. Through the statement of values businesses communicate and preset favorable behavior to employees. Employees can acquire motivation as well as guidance from corporate values (Ceja & Tàpies, 2011). Hence, it is comprehensible that companies of increasing size make use of the synergetic effects deriving from the statement of corporate values.

Furthermore, we found no support that revenue, whether increasing or decreasing, has an impact on the practice of stating corporate values among family businesses in Sweden and Germany. Surprisingly, the result points out that there is no relationship at all between a business’s revenue and the publicly statement of corporate values. Neither economical backstrokes nor successes measured in a business’s revenue are a trigger for companies to communicate values to the stakeholders. Future research might consider measuring financial performance in percentage change or ratios instead of absolute numbers.
One can assume that the tendency of family businesses to position non-financial assets above financial assets explains this outcome. Thus, wealth in terms of revenue plays not an important role for stating corporate values. Referring to the resource-based view, there is a high possibility that social and human capital is by far more central. It would in turn explain why the number of employees has an influential impact on the statement of corporate values and revenue not.

5.2 Stock Exchange Listing

Hypothesis 2: Listed family businesses are more likely to state corporate values.

In general, we can partly support our second hypothesis since listing has a positive impact on the statement of corporate values. However, with regard to the Swedish sample the variable listing made no significant contribution to the model, which leads to the rejection of the hypothesis in this case. Thus, only for the German and the combined sample we found support for our hypothesis with a strong significance between listing and stating corporate values. Also the prior correlation analysis indicated such a relationship.

Concentrating on the positive influence of listing, whether significant or not, the argumentation of stakeholder theory can be applied. Being listed on a stock exchange includes certain requirements for a company such as disclosure and publication of financial information. Also, listed companies in our sample are large and in accordance with size measure, are characterized by a complex stakeholder network. In forthcoming different kinds of stakeholder claims, stating values helps to manage and engage with those. For listed family businesses it is important to publicly signal its intention and driving force for doing business.

The practice of stating corporate values may be an important shareholders’ criteria for the decision making whether to invest into a business or not. The disclosure of extensive information about the company, including corporate values, increases the confidence of potential investors. Following the idea of Aronoff & Ward (2010), shareholders’ solidarity can be created by the means of shared values because they are less likely to take out capital. Furthermore, since financial figures have to be disclosed one might argue that next to those, non-financial information plays at least an equal role. With the intention to not only serve shareholders, but stakeholders as a whole a corporate value statement can fulfil this desire.

In the case of Sweden, the insignificant result can derive from the fact that just a small number of family businesses (3%) within the sample are listed on a stock exchange. In comparison, the quantity in the German sample is about ten times higher. This difference is probably influenced by the existence of the family firm stock index in Germany (DAXplus Family), which includes 118 businesses as of today.

Overall, the majority of family businesses are not publicly traded on a stock exchange. It leads to the conclusion that they might not want to be dependent on access to capital by issuing shares and fear the loss of control that comes along with shareholders claiming their right of voting power. This reasoning goes along with the view that family businesses
strive for stability and when it comes to securing the financial wealth rely on their own, bundled savings rather than seeking for quick, short term investments by external shareholders.

5.3 Ownership Structure

Hypothesis 3: Family businesses with a high stake held by the family and its members are more likely to state corporate values.

Taking Sweden as an explanatory case the ownership variable has no significant contribution to the model therefore, we do not find support for our hypothesis. Despite that the beta coefficient as such would not cause a distinctive change to the independent variable.

Thus, an increase or decrease in the percentage of ownership stake has no substantial influence. One possible explanation is that a value statement is not necessarily regarded as an instrument to govern managers or employees. At the same time publishing corporate values is motivated by other drivers for example the need to inform, guide or motivate various stakeholders.

Given that in the Swedish sample the majority of businesses had a high ownership concentration the model could be somewhat deteriorated. This in turn might be influenced by the fact that we included only companies that perceived themselves as a family business. Furthermore, in our model we did not include other governance structures, for instance involvement in direct management. Such additional information could have added more explanatory power to the model. When accounting for different constellations of ownership structure, the theoretical foundation of agency and stewardship would be more applicable. Hence, it leaves room for future research to go more into detail.

5.4 Company Age

Hypothesis 4: With increasing age the practice of stating corporate values among family businesses is more likely.

We could not confirm hypothesis 4, in fact the results highlight that there is no significant relationship between a family business’ age and the practice of stating corporate values for both countries. Also this outcome is confirmed with regard to the beta coefficient because its value is rather low. Despite the age differences across the data sample, taking into consideration that German family businesses on average were two times older than Swedish ones, the age variable was not decisive.

Surprisingly, there is no support to believe that aging family businesses are more likely to publicly communicate corporate values. Probably family businesses built on intrinsic values which are more important for stakeholders inside the company and therefore, we were not able to measure them in our study. With regard to the delimitations of this thesis, we had no access to evaluate internal values within organizations that are not communicated publicly.
Another possible reason is supported by the fact that with longer existence control and preservation of values might diminish. Whereas the first generation is living and enforcing values, the later generations have little relation to them. This difficulty is closely tied to the successor dilemma of family businesses. Due to the lack of coherent planning and preparation of the transgenerational succession question family conflicts are more prevalent. As a result, in a business where values are not immanent, a statement of those is equally seldom.

Collins & Porras (1996) argue that corporate values are timeless and therefore, give a possible explanation for the nonexistent relationship between age and the statement of values. Based on the results we could conclude that the public statement of corporate values may be a reaction of internal or external stimulus which is utterly unconnected to a family business’ age. Examples for internal and external stimulus would be changes in the organizational structure or the business’s competitive environment.

5.5 Country of Origin

Hypothesis 5: Family businesses with a Swedish background are more likely to state corporate values.

Arguing that cultural differences influence the statement of corporate values, we can confirm our final hypothesis in favor of Swedish family businesses. In fact, Swedish family businesses are more likely to disclose their corporate values publicly.

In respect to Hofstede’s cultural dimensions, the wide difference between the countries on the masculinity scale can be a possible reason for this outcome. There, Germany scores considerably higher than Sweden which overall is characterized as more feminine. In line with those findings is the transregional family business study by Gupta et al. (2011). Specifically, in the Germanic region performance orientation was stronger, whereas in the Nordic region low power distance and low assertiveness was more prevalent. Transferring the country specific characteristics to the statement of corporate values can reveal why the influential impact differs between the two countries.

Since national culture according to the mentioned findings effects management styles and governance mechanisms of family businesses it can be assumed that it consecutively influences the desire to share values with stakeholders. Since German business culture is more masculine companies might feel that there is lessened need to acquaint the stakeholders about the company’s values. Another notion suggests that German family businesses are more strategy focused and thus, prefer to publish their strategic targets as a means to communicate with its stakeholders.
6 Conclusion

In this section the authors will draw a conclusion from the analysis taking the empirical findings into consideration.

The explicit purpose of the thesis is to examine if and how family businesses vary in regards to stating corporate values and whether these differences can be attributed to certain company features which define family business heterogeneity. The different features examined include a family business’ size, listing on a stock exchange, ownership structure, age and Swedish and German background. The thesis was motivated by the fact that existing family business and organizational literature lack an evident focus on this issue.

Family businesses are the prevalent business forms in Sweden and Germany and they are characterized by various heterogeneous features. They are commonly described by the unique intertwining of roles as family, managers and owners. This overlapping preferably results in the advantageous family effect leading to a long term orientation and perseverance of values.

Based on the results of our logistic regression we can support the following findings. Firstly, size has an impact on the practice of stating corporate values. Family businesses in both countries are more likely to publicly state values with increasing number of employees. However, the second size indicator revenue, together with age and ownership stake revealed no relevance for family businesses in both countries. For German family businesses listing is an important contributor to the statement of values, whereas it is not for Sweden. In summary, few of the examined family business attributes are likely to affect the statement of corporate values.

A second major finding is that national differences concerning the statement of corporate values appear, despite of the geographical proximity and the shared European background of both countries. Swedish family businesses are more attentive to do so in comparison to their German counterparts.

Although our sample included a variety of family businesses with distinct attributes mirroring the nature of this special business form, our sample does not allow the drawing of universal conclusions. Based on our data collection we found besides one exception, no statistically significant relation between the examined attributes and the practice of stating corporate values. The comparison between Swedish and German family businesses demonstrates that the national background does have an impact on the practice of stating corporate values. Therefore, we propose that the heterogeneity of family businesses is hampering the drawing of general applicable conclusions. These findings suggest that other attributes than the ones examined are more likely to influence the statement of corporate values.
7 Discussion

The discussion part relates to further research opportunities which deepen the field with regard to corporate value statements among family businesses. Finally, suggestions to close the research gap are given.

With regard to the major findings of the underlying thesis, the authors still see potential to further enlighten this research field. Some areas remain uncovered when approaching family businesses’ practice of stating corporate values from a quantitative angle. Qualitative research is needed to close the gap and build new avenues for further research.

Firstly, assessing corporate values from an in-depth perspective would be beneficial to examine whether and how they are incorporated within the organizational level. Secondly, investigating the motivation that drives family businesses towards stating corporate values may provide valuable insights. Moreover, taking on a stakeholder rather than a family business perspective possibly reveals how and why different parties weigh the importance of values. Furthermore, since our empirical study was limited to organizational and economic factors of family business attributes, other decisive characteristics are worth taking into consideration as well. For instance the role of emotions may be an influential factor.

Taking into consideration the fact that the minority of family businesses in our sample stated corporate values on their web page suggests another viewpoint. This outcome might be triggered by the inward orientation of family businesses or their perception as a closed system. This is another approach which could extent the analysis in order to gain valuable understanding. Lastly, we suggest that the expansion of the conducted research to other cultural circles may be an opportunity worth exploiting.


Appendices

Appendix 1: Germany (DE)

Correlations DE

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<tr>
<th>N = 100</th>
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*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

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Valid N (listwise) 100
### Logistic Regression Summary DE

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#### Hosmer and Lemeshow Test

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Overall Percentage: 65.0%

a. The cut value is .500.

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a. Variable(s) entered on step 1: Age, lnRev, lnEmpl, List, CON, SER, MAN.
Appendix 2: Sweden (SE)

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Valid N (listwise) = 107

### Logistic Regression Summary SE

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#### Hosmer and Lemeshow Test

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*a. The cut value is .500.*

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*a. Variable(s) entered on step 1: Age, lnRev, lnEmpl, Own, List, CON, SER, MAN.*
Appendix 3: Germany and Sweden (DE + SE)

Correlations DE + SE

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*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics

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Logistic Regression Summary DE + SE

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