

Review of the doctoral thesis

entitled. "*The factors influencing the performance of family businesses in Germany - empirical survey*"

written by *Daniel Böhlich, M.Sc.*

under the direction of

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1. Topics of work

The doctoral thesis submitted for review deals with the issue of the functioning of family businesses. A family business is defined in the literature as an enterprise where a family or a limited number of family-related owners significantly influence its operation. Enterprises of this type have specific properties related to the ownership structure, mission setting, value realisation, or management. Family businesses are often assumed to prioritise company longevity and operational stability above profit maximisation. Recently, many works have been written on the issue of sustainable entrepreneurship. The sustainable entrepreneurship created by companies allows, within the framework of their functioning, a much higher degree of realisation of sustainable development goals and contribution to the sustainable growth of the economy. Family businesses and sustainable start-ups are cited in the literature as key players in creating sustainable entrepreneurship and realising sustainable development goals.

Therefore, the topic undertaken by the PhD student is timely and relevant to scientific research and the functioning of the economy. The research carried out in the dissertation deals with the problem of translating the financial and non-financial priorities chosen by the owners into the broadly understood result of family businesses. This means that the results presented in the dissertation can be used in scientific articles relating to the functioning of companies in global economies.

The PhD student emphasises in the dissertation that there are many scientific works comparing family and non-family companies, mainly in terms of their financial performance, measured by establishing differences in the values of financial indicators. On the other hand, there is a lack of works dealing with the problem of what underlies the success of family businesses, both financially and non-financially, and what are the factors that influence selected aspects of the successful operation of family businesses. The PhD student emphasises that despite many scientific studies and publications, there is no consensus answer in the literature on the unambiguous identification of the success factors of family businesses. In this regard, it should be emphasised that the PhD student clearly indicates the existing research gap on the issue of family businesses and highlights the need for further scientific discussion in this area.

2. Research hypotheses set and dissertation objectives adopted

The conducted literature review and critical discussion of the issue of family business performance allowed the PhD student to formulate two research questions.

Research question 1: What is the relationship between family and non-family ownership in the company, goal setting, selection of key performance indicators and financial success of the company?

Research question 2: What is the relationship between family and non-family ownership in a company, goal setting, selection of key performance indicators and non-financial business success?

Careful consideration of the abovementioned problems allowed the PhD student to formulate the following research hypotheses.

Hypothesis 1: Family businesses have a superior financial performance compared to non-family businesses.

Hypothesis 2: Family businesses have a superior non-financial performance based on compared to non-family businesses.

In the dissertation, it was assumed that considering the above-mentioned research problems and verifying the set research hypotheses would allow the realisation of the following objectives of the work. Accordingly, **as the Main objective of the dissertation**, it was assumed to identify the relationship between factors related to the management issues of a family business and the approach to achieving financial and non-financial goals. In addition to the main objective, the PhD student formulated three specific objectives.

Specific objective 1: To present the area of research on family businesses. In particular, previous study results are presented, and current scientific problems are considered.

Specific objective 2: To develop further insight into the specifics of strategic management of companies with a variable degree of family influence. In this regard, this study focuses, in particular on the elements of goal setting and the selection of KPIs.

Specific Objective 3: Critically analyse existing performance studies. In this regard, this study thoroughly examines the relationship between goal setting and KPI selection and organisational performance. Given the contradictory results of performance studies presented in the literature, it is necessary to identify further factors affecting this relationship.

After reviewing the dissertation as a whole, both the research questions, research hypotheses, and objectives of the dissertation have been correctly established. Both scientific hypotheses are related to the research questions. The established objectives allowed consideration of the research questions and verification of the hypotheses. The order of objectives and hypotheses proposed in the dissertation is correct. The presented structure of the dissertation logically corresponds to all the objectives of the work. The research hypotheses were shown only in Chapter 4, and a rich, substantive discussion preceded their establishment. I believe that the research hypotheses could have already been presented in the introduction.

3. Dissertation structure

The doctoral thesis I reviewed is 280 pages long. The structure of the dissertation consists of an introduction, five chapters and a conclusion. In addition, a bibliography, a list of figures, a list of tables and an appendix containing a survey questionnaire are included.

The dissertation begins with an introduction, where the PhD student presents the problems of the functioning of family businesses. In the reviewed dissertation, the research gap is clearly indicated, and the need to consider the issue taken up, as well as its topicality, is motivated. In the introduction of the dissertation, the PhD student clearly discussed the research questions and objectives of the work. Then the PhD student correctly presented the methodology, the application of which made it possible to verify the formulated research hypotheses. Undoubtedly, the introduction emphasised the innovative aspect of the work in the form of the performance of a questionnaire survey on a sample of a German family and non-family companies, which resulted in valuable conclusions regarding the relationship between the degree of family ownership, ways of managing the company and its organisational performance.

The nature of the doctoral thesis is theoretical-empirical. The first four chapters are theoretical, and the last chapter 5 is empirical. In Chapter 1, the PhD student critically discussed the concepts of family business. The body of the chapter presents further definitions of family businesses that dominate the literature. The differences between family and non-family firms were also discussed in detail. In Chapter 2, the PhD student thoroughly reviewed the literature on the issue of family firms. The current state of research on the issue of the functioning of family firms is presented, followed by a discussion of the impact of potential factors on the financial and non-financial performance of these firms. The PhD student also discussed family firms' potential performance advantage and presented financial and non-financial performance indicators.

In Chapter 3, the PhD student presented the theoretical basis of family businesses, as well as the practical aspects of their operation. The chapter's content pays special attention to the importance of small and medium-sized enterprises (SMEs) in the development of economies and their functioning. This was followed by a discussion of management issues and the level of entrepreneurship in family businesses. Key elements of strategic business management were also presented. In addition, the PhD student discussed issues related to goal setting and the selection of key performance indicators for enterprises.

In Chapter 4, the PhD student considered the theoretical basis in the area of organisational performance, goal setting in the enterprise and the development of the Balanced Scorecard for family and non-family businesses. The considerations allowed the selection of indicators that can affect business performance, followed by two main research hypotheses and a set of specific hypotheses. In Chapter 4, the PhD student also considered the relationship between the ownership of the company, the goals set in the company, key performance indicators and the financial and non-financial results received.

Chapter 5 is empirical in nature. In this chapter, the PhD student described the results of a survey of German companies. Quantitative methods, including the SEM structural equation model, were used to conduct an economic analysis based on the data obtained. The conclusions drawn from the results obtained based on the final forms of the SEM models allowed the PhD student to verify all the research hypotheses set, both the main hypotheses and the specific hypotheses. A shortcoming of the structure of the dissertation seems to be the overly elaborate Chapter 5. It could be possible, but not necessary, to separate two independent chapters from Chapter 5. The content of the dissertation closes with a brief conclusion, which includes a summary of the obtained research results.

4. Research method and data sources

Two methodological aspects can be distinguished in the reviewed dissertation. The first aspect relates to the PhD student's performance of a thorough literature review, where the theoretical foundations in the field of family business issues are considered. Particularly important is the consideration of the relationship between the key economic categories of the company: the form of ownership of the company, the goals set in the company, the performance indicators adopted and the financial and non-financial results measured.

The second methodological aspect is quantitative in nature with regard to the survey conducted. The PhD student uses the SEM structural equation model, which allowed him to model latent variables expressing the key economic categories he adopted. The PhD student formulated the relevant model specifications and then obtained empirical models through parameter estimation. The results obtained on selected SEM empirical models allowed verification of the research hypotheses.

The survey used the German private database Splendid Research GmbH. Using this database made it possible to reach German companies with the criteria selected by the PhD student. As a result, the sample of companies consisted of both family-owned and non-family-owned companies. The survey performed was conducted mainly among small and medium-sized German companies. The survey received about three hundred correctly completed questionnaires, where family businesses outnumbered non-family businesses. The resulting data undoubtedly provided a basis for a reliable empirical analysis. Both the specification of the models and the parameter estimation procedure were carried out in SPSS software. This demonstrates the PhD student's ability to use advanced econometric software.

5. Overall evaluation of the dissertation and PhD student

I positively evaluate the dissertation written by Daniel Böhlich, M.Sc., from a scientific point of view. The dissertation undoubtedly constitutes a comprehensive study of the issues concerning the functioning of family businesses. The dissertation is a valuable study in the theoretical area. In Chapter 2, the PhD student performed a thorough review of the literature and conducted a critical discussion of the issues related to family businesses. In the body of the dissertation, the PhD student also presented valuable empirical material. The survey performed on a representative sample of German companies made it possible to verify the scientific hypotheses and obtain valuable results and conclusions, which, once published, may become a motivation for further scientific research in this area. Hypothesis 1, which assumed a positive

impact of the status of a family business on financial performance, was verified by the study conducted. Also, Hypothesis 2, which states that there is a positive relationship between family ownership and non-financial business performance, was verified.

The PhD student also applied selected quantitative methods, including the econometric structural equation model SEM, within the proposed methodology of the work. The dissertation is prepared at a high level of content, with methodologically proper research conducted. I assess the dissertation as an original solution to a scientific problem in the field of family businesses issues.

Undoubtedly, the PhD student has a research workshop, which allowed him to accurately select the economic issue, formulate research problems and set appropriate research hypotheses. Subsequent correct actions, including the proper selection of the objectives of the work and the establishment of the right methodology of the work, allowed the PhD student to attempt to solve the research problems undertaken and to verify the hypotheses set. The PhD student's ability to combine his theoretical knowledge and analysis of empirical data should also be distinguished.

Particularly noteworthy in the work of the PhD student is:

- The ability to critically review the literature on the subject, the ability to identify the research gap and engage in scientific discussion.
- The PhD student can use specialised software.
- The PhD student is undoubtedly familiar with advanced quantitative methods and can apply them to verify the research hypotheses.
- The PhD student can formulate conclusions from scientific research.

6. Final conclusion

Turning to the final conclusions, I would like to emphasise the significant scientific contribution of the dissertation to considering the issue of family businesses. The PhD student demonstrated a high degree of independence in conducting scientific research, taking into account the literature study, the survey performed and its economic analysis. Therefore, I conclude that the dissertation presented for my evaluation entitled "The factors influencing the performance of family businesses in Germany - empirical survey" meets the statutory requirements for doctoral theses in the social sciences in the discipline of economics and finance. Despite the fact that selected parts of the dissertation deal with the issue of strategic management, I unequivocally state that the main content of the work is the study of the

relationship between selected economic categories, and the doctoral thesis I am reviewing entirely belongs to the discipline of economics and finance.

At the same time, I request the Council of the Discipline of Economics and Finance of the University of Gdansk to admit Daniel Böhlich, M.Sc., to the further stages of the d procedure and the public defence of the dissertation.

Michał Pietnak