FAME

Family Busin**e**ss
Sustainability
and Growth

Module 3

Family Business Governance, Human Resources, Immigrant's Integration

ERASMUS+ KA2 Strategic Partnership
2016-1-HU01-KA203-022930
FAME-Family Business Sustainability and Growth

Authors:
Jan BRZOZOWSKI, PhD
Cracow University of Economics, Poland

Hanna KELM, PhD
Cracow University of Economics, Poland

Sára CSILLAG, PhD
Budapest Business School, Hungary

Péter CSIZMADIA, PhD
Budapest Business School, Hungary

Anna Laura HIDEGH, PhD
Budapest Business School, Hungary

Karina Ágnes SZÁSZVÁRI, PhD
Budapest Business School, Hungary

Nick BEECH, PhD
Leeds Beckett University, United Kingdom

Reviewers:
Judit CSÁKNÉ FILEP, PhD
Mirela ALPEZA, PhD
Miklós LOSONCZ, PhD DSc

Kraków, 2018

ISBN 978-615-5607-55-4

This project has been funded with support from the European Commission.
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Content

Module Introduction

This teaching module links three interrelated topics: family business governance, human resources management and immigrant integration. All of these issues are vital in understand the evolution of the family firms and constitute key factors for the process of family business development. The first part of this module deals with the governance in family firms from SMEs sector. It stresses the particular nature of the governance within the family businesses, aiming at a more precise delimitation of tasks and responsibilities within the company's structure. Finally, the unit considers the managerial challenges lying ahead: in this regard, the most troubled issue is the gradual professionalization of managerial practices within family firms, and their impact on the firm's survival and further development.

The issue of family firm sustainability is crucial when it comes to the management challenges, especially in the case of human resources. This topic is developed within the second part of this module. Most of the family firms belong to the SMEs sector, therefore the right balance of skills, personalities and experiences of the current staff is vital for the business survival and further development. Maintaining and attracting best employees is a particularly delicate question in such enterprises, as on average family firms cannot offer the higher salaries, as the largest companies. Thus, family firms should look for competitive advantages such as friendly working environment, and possibilities for individualized professional development. Moreover, as the small units are dominated by some informal behavioral practices, managers responsible for HR should pay a special attention to diversity and discriminating issues. This topic is connected to the most ambitious goal of HR managers in company firms: how to build and develop a corporate culture? Which values should be included, added and dropped due to the course of the family firm's development?

Starting from the immigrant's integration (third part of this module), it is important to understand that modern European societies become multicultural and heterogenous in terms of their ethnic composition. Consequently, most of the family firms either have to deal with the multiethnic workforce, or is created, sustained and developed by immigrants. The future managers of such enterprises, but also professional consultants and counselors, and the officers of public administration that implement policies directed towards entrepreneurs should therefore be aware of the challenges, but also opportunities that such firms encounter.

Module Objectives

The main objective of this module is to familiarize the students with the issues of corporate governance, human resources and immigrant's integration within the frame of family firm's sustainability and development. In order to achieve such general objectives, several learning outcomes need to be reached by each student.

The learning outcomes for the module are as follows:
LO1: Students will be able to understand the specificity of human rescource management within family firms and other SMEs.
LO2: Students will be able to effectively use HRM tools and methods.
LO3: Students will be able to criticaly evaluate the main challenges for decision-making in the family firms.
LO4: Students will be able to critically apply governance and HR practices to enable organization to address a business issue in a diverse and dynamic context.
LO5: Students will be able to articulate socioeconomic differences between immigrant, ethnic and minority entrepreneurship.
LO6: Students will be able to evaluate the role of the family in the governance of the minority entrepreneurship.

SECTION I: Family Business governance: the perspective of SME

(Nick Beech, Leeds Beckett University)

The first part of this module deals with the governance in family firms from SMEs sector. It stresses the particular nature of the corporate governance within the family businesses, aiming at a more precise delimitation of tasks and responsibilities within the company's structure. Finally, this part considers the managerial challenges lying ahead: in this regard, the most troubled issue is the gradual professionalization of managerial practices within family firms, and their impact on the firm's survival and further development.

Family businesses constitute the world's oldest and most dominant form of business organizations. In many countries, family businesses represent more than 70% percent of the overall businesses and play a key role in the economy growth and workforce employment. In Spain, for example, about 75% of the businesses are family-owned and contribute to 65 percent of the country's GNP on average.

Similarly, family businesses contribute to about 60 percent of the aggregate GNP in Latin America. Family businesses range from small and medium-sized companies to large conglomerates that operate in multiple industries and countries. Some of the well-known family businesses include: Salvatore Ferragamo, Benetton, and Fiat Group in Italy; L'Oreal, Carrefour Group, LVMH, and Michelin in France;

Samsung, Hyundai Motor, and LG Group in South Korea; BMW, and Siemens in Germany; Kikkoman, and Ito-Yokado in Japan; and finally Ford Motors Co, and Wal-Mart Stores in the United States.

It is also a fact that most family businesses have a very short life span beyond their founder's stage and that some 95% of family businesses do not survive the third generation of ownership. This is often the consequence of a lack of preparation of the subsequent generations to handle the demands of a growing business and a much larger family. Family businesses can improve their odds of survival by setting the right governance structures in place and by starting the educational process of the subsequent generations in this area as soon as possible.

IFC - World Bank (2011)

UNIT 1: The Boarder Aspects of Governance

1.1. Corporate Governance Introduction and Broad Family Business Background

Over recent years the relevance of corporate governance has moved centre stage in supporting and enhancing the performance of family businesses (Siebels & zu Knyphausen-Aufseß, 2012; Suess, 2014) as they play a pivotal role in underpinning national and international social and economic wellbeing. Family businesses are major contributors in the creation of economic wealth and employment throughout the world as well as providing the essential value chain infrastructures to support and sustain other organisations and institutions across all sectors. Family businesses range from small enterprises to large conglomerates that operate in multiple industries and countries (Ramadani & Hoy, 2015), the nature of such diversity means that a one stop governance solution is unlikely however having an effective governance mechanism can provide more ''effective management practices'' (Poza et al., 2004, p. 113), enhance business performance (Berent-Braun & Uhlaner, 2012; Fahed-Sreih, 2009) and strategic decision-making (Mustakallio et al., 2002), and address risk. In addition such overarching governance structures and mechanisms can fosters family unity (Poza, Hanlon, & Kishida, 2004) and positively contribute to conflict resolution (Brenes, Madrigal, & Requena, 2011; Martin, 2001). It is therefore suggested that ''these processes, institutions and structures lie at the heart of the new family business research'' (Gilding, 2000 p. 248).

However having effective governance practices for family businesses is not without problems as each business can have its own unique set of idiosyncrasies, being very different in structure, purpose and process from that of non-family businesses (Chrisman, Steier, & Chua, 2008; Sharma, 2004). Often the success of these businesses are heavily reliant on the skills and commitment of key family members, its structures, its processes and how it copes with disruptions (Olson et al., 2003. This includes the many challenges of succession planning as this often has additional complexity (particularly relating to ownership and business transfer) and the protection of family interests (Gilding, 2000) which includes both active and non-active family members.

Unlike a conventional business the family business can present a much deeper integration of emotional elements and personal energies in to an individuals working life, effectively they work within the business as a function but also are an integral element of a living family entity, and are an active participant in contributing to its meaning and essence. In turn this has consequences for both the individual and their subsequent inter-generational families lives. Such circumstances can be seen to be unique and can greatly differ from nonfamily businesses (Chrisman, Steier, & Chua, 2008; Sharma, 2004). What is certain is that having an effective family governance practice can help build social cohesion between the family members and grouping (Gersick & Feliu, 2014) but also contribute to building a relational coherence with non-family members.

Academic research in to family businesses provides three broad categories, firstly, socioemotional wealth (Gomez-Mejia, Haynes, Nun˜ez-Nickel, Jacobson, & Moyano

Fuentes, 2007) which focuses on the non-economic aspects of the firm considering affective needs, such as individual and collective identity, family interest, influence and responsibility as well as the aspiration of legacy building and the perpetuation of the family dynasty. This has varying degrees of entrenchment within the firm influenced by social, cultural and even spiritual backgrounds and generational resilience that engenders a family centric rootedness entwined in a temporal and patriarchal hierarchy.

Degree of family involvement in the business is paramount in understanding how much influences they have in shaping the firms working practices and this will clearly differ from business to business (Astrachan, Klein, & Smyrnios, 2002), this can be seen to be the essence of family business approach (Chrisman, Chua, & Sharma, 2005; Chua, Chrisman, & Sharma, 1999) is of considerable significance and academics agree that family involvement in the business is what makes the family business different (Miller & Rice, 1967).

Familiness has been considered to be one of the components making up the essence of a family business (Chrisman, Chua, & Sharma, 2005; Suess, 2014). Familiness relates to the entwined nature of the family governance mechanism between the business ownership and the family that establishes a family order so that the family can effectively manage the business, it can be viewed more as a holistic cybernetic system that enables interactions between the family, its members and the business more generally; a dynamic cognitive process of information processing and decision making, learning and adaptation.

There are challenges in clearly defining what a family businesses is as elements may not be fully overt or reconcilable, as the influence each component has may differ and manifest in different ways depending on the context, for example some firms with the same extent of family involvement may or may not consider themselves family firms at all. This aside having an understanding of the nature of a family business has considerable significance and therefore it is importance to recognise the key element. Taking a family essence approach can assist in clarifying the nature of such firms. Firstly, considering the degree of family's influence over the strategic direction of a firm (Davis & Tagiuri, 1989), secondly the drive and intention of the family to retain control (Litz, 1995), thirdly, the family behaviour (Chua et al., 1999) and, style of approach and, finally, the inseparability synergistic nature of resources, capability, and interaction flows that transcend between the two entities (Habbershon, Williams, & MacMillan, 2003). Therefore the nature of the business relates to the conception and establishment of a vision developed by a dominant coalition controlled by one or a few families with the intention of that dominant coalition to continue shaping and pursuing and sustaining that vision across the family generations. One can further suggest that this is both pervasive and political in nature that reaches beyound the conventional confines of the business structrure aspects that need to be taken in to consideration when developing governance practices.

Governance can be seen as holistic management mechanisms used to ensure that the actions of organizational stakeholders are consistent with the goals of the dominant coalition (Aguilera & Jackson, 2003; Chua, Chrisman, & Sharma, 1999; Sirmon & Hitt, 2003) that also provide a balance of power. Corporate governance is widely considered as a key determinant in the success and failure of all organizing activity, however there are many challenges in determining what effective governance actually is. Although governance in family business is also recognized as an important topic (Gersick, 2015; Morck & Steier, 2005), its various dimensions remain understudied (Berrone, Cruz, & Gomez Mejıa, 2012) with the tendency of focusing at simple single-family/single-business structures considered as inadequate in providing appropriate explanation or conceptualisation of the complexities of multifamily and/or multibusiness firms, align their governance systems with their business/family goals.

This creates a challenge as common theoretical assumptions about organizing governance activity offer little guidance for understanding how multibusiness families deal with various sources of heterogeneity driven by diverse values, interest and agendas some of which can extend beyond the confines of the conventional firm presenting a dynamic and challenging series of interplays. For family influenced firms, such factors complicate the challenge of designing effective governance systems.

The major challenge for academics and practitioners alike is that although traditional corporate models of governance recognize general stakeholder diversity, they do not adequately account for the various permutations of stakeholders and often diverse interests that manifest in family-influenced firms. Additionally, the literature focuses on developing structures for solving problems at the family level and the business level in a parallel fashion (Carlock & Ward, 2001), how there are calls for more critical and deeper investigation in to how these systems and relationships interact, across multifamily and multibusiness levels.

1.2. Corporate Governance Introduction and Broad Background

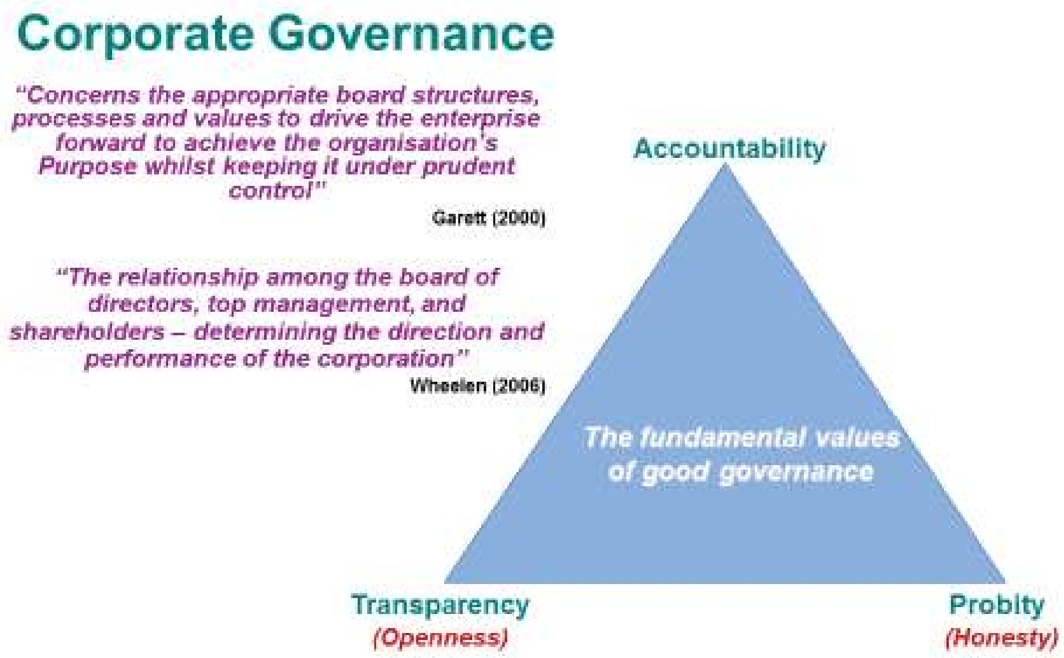
Over recent years, there has been substantial growth in the amount of literature focused on corporate governance. This has to a large extent been stimulated by a wide range of corporate fraud, major corporate failure, abuse of management power and excess of executive remuneration, which can be highlighted in such cases as Enron (Bryce, 2002), WorldCom (Peasnell, 2003; Rovella and Baer, 2005) Lehman Brothers (Fernando, May and Megginson, 2012; Johnson and Mamun, 2012), RBS, HBOS, Northern Rock and Bradford and Bingley.The sustained and ongoing nature of these major failings, for well over three decades, has further fuelled the debate surrounding the degree of effectiveness (or rather ineffectiveness) of the current concepts, rules and mechanisms employed in addressing these governance shortcomings (Clarke, 1998; Letza et al., 2004; Sun, Stewart and Pollard, 2011). The established debate appears to be a polarisation of the rational economic model of agency (Jensen and Meckling, 1976) versus a collective and potentially idealised stakeholder model (Mitchell, Agle and Wood, 1997; Freeman, 2004; Friedman and Miles,

2006; Greenwood, 2007). Neither pole of the debate seems to have considered the superficiality of its perspective and the need to give greater importance to seeking meaningful insight into the actual governance practice of boards.
The corporate crisis does appear to have stimulated a resounding call from both practitioners and regulators for a generic one-size-fits-all board mechanism and composition (Sur, Lvina and Magnan, 2013) or just more and more external regulation. The problem is that this clearly avoids reviewing the evidence regarding the validity of underlying governance concepts and practice (Daily, Johnson and Dalton, 1999; Merritt and Lavelle, 2004). What is evident is that practitioners and regulators have taken a detached, formal and static interpretation of the workings of governance mechanisms, which negates the intimate, dynamic and complex nature of boardroom life: an area that appears to be elusive to access and research (Samra-Fredericks, 2003; 2005).

Building from corporate governance, the work further discuss the polarised perspectives, such as rational decision making taken by authors such as Quinn (1980), Andrews (1971), Ansoff (1965) and Porter (1985), as opposed to the intuitive art taken by Hart (1995), Ohmae (1982), Hamel and Prahalad (1989;1994), Mintzberg (1983; 1994), Mintzberg and Waters (1985), Stacey (1993) and O'Shannassy (2003), both in terms of how they distract focus away from boards' inner workings and create a managerial orthodoxy.

In the context of corporate governance, the work noted the established orthodoxies that have driven the general research agenda, such as the agency concepts pioneered by Jensen and Meckling (1976), based on neoclassical economic views, which focused on an objectivist 'manager' (actor), who was chiefly driven by the notion of maximising utility value. Jensen and Meckling's position informed and promoted a pure and rational economic view of human nature, which seems not to have stood the test of time. Their theory evolved to a great extent from their predecessors, such as transactional cost theory and the work of Coase (1937) and Berles and Means (1932). Collectively, these theories reinforced a realist presence, viewing the subject via an objectivist prism.
These collective voices of authoritative academics in management theory demonstrate a consistent pattern of building and reinforcing established beliefs, a polarisation of established the perspectives of agency (Jensen and Meckling, 1976) and stakeholders (Freeman et al., 2004) without challenging the foundational epistemological premises from which they establish their positions and base their assumptions. Ironically, one can see clearly the very nature of academic language, entwined within this context, systematically developing an authoritative power and voice that drowned out other perspectives of board discourse. Even today, agency theory remains prevalent within the realms of corporate governance, addressing the issues of the conflicts of separation of ownership (principal) and control (agent), but it not focusing on the realities of dealing with power at local, personal or elite levels – the realities of those that have the power to avoid, ignore and control the 'systems'.

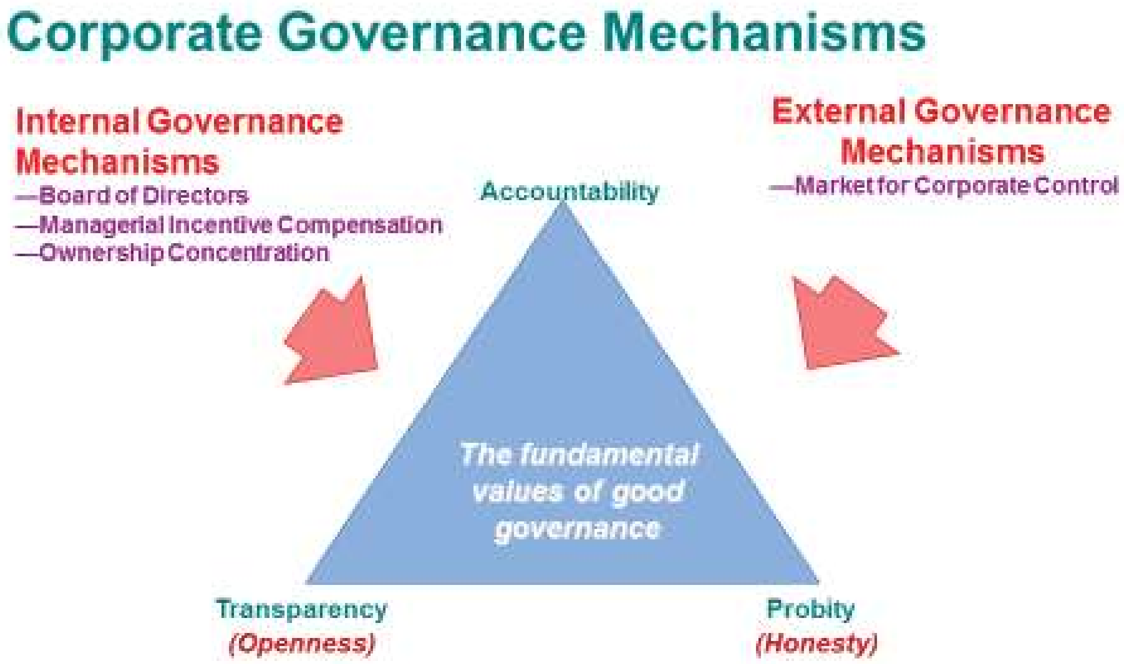
Figure 1 Dimensions of corporate governance



Source: Beech, 2017 adapted from Letza, et al 2004, 2015

This seems to closely parallel critical comment on the development of historical research. Nietzsche (1873) posited a malignant historical fever, stating that the study of history is a potentially worthless activity, giving little contribution to theory building or developing understanding if *not* considered in the social context of that point in time - when, where and by whom. In other words, the study of history (ibid) should not become abstract and devoid of the reality of its context. Likewise, with governance and the inner workings of the board, preceding theories seem to develop idealist, abstract and potentially artificial notions of 'good' governance without considering the practical nature and real-time dilemmas of boardroom social practice. One can suggest that our understanding of what we know about the efficacy of corporate governance is only rivalled by what we do not know (Daily, Dalton and Cannella, 2003). This clearly understates the situation: the established practices only look where they have previously been, without considering, or, indeed, potentially blocking out, the reality of in situ boardroom social practice. One can further suggest that there seems to be relative naivety regarding how relationships within elite groups actually work, in that members of the board are portrayed as predominantly working within an objective and formal setting, which seems to ignore the fact that relationships evolve, becoming personal and deeper in nature.

Figure 2 Corporate governance mechanisms



Source: Beech, 2017 adapted from Letza, et al 2004, 2015

Tricker (1983, p2; 2015) suggested that many studies at this time have been produced without talking to a single director and with little consideration of a boardroom powerbase. Whilst many of the studies can be justified as methodologically sound within a natural science domain, they seemed to overlook the fact that they are studying social actions and interactions and therefore cannot be addressed purely from a detached, objectivist perspective.

Nietzsche (1873), and later Simmel (1990), saw that society and groups were made up of the interactions between and among individuals and, therefore, to gain an understanding of how they work, one must gain insight into how these associations work, rather than merely seek social laws (ibid). Developing this further, Simmel (ibid) posits that these associations could not be studied in the same way as the physical world and that it is naïve to undertake the study of human-based social interactions as a dimension of a rational, natural science because such an approach would fail to gain insight into the meaning of these interactions.

1.3. Separation of Management and Director Roles

This said the board has a vital function in directing the affairs of the company and therefore the importance of the strategic direction of the company and the day to day oversight of its management are both vital but potentially conflicting roles. One needs to be aware that the relationship between the board of directors and the management is not merely a contractual relationship between an employee and their manager. The board is responsibly to oversee and ratify the decisions taken by the management along with identifying the strategic direction and focus the company. However, more importantly the board is responsible for the actions of the management requiring that the board needs to monitor the management and management needs to take account of the board when making decisions. This relationship should be seen as symbiotic as neither the management nor the board can exist without each, but director need to ensure the management work to the best interest of the company. This raises the issue that director need to demonstrate effective probity to ensure that there are no agency problems, conflicts of interest and asymmetries of information. To attain this there needs to be a clear and objective separation of roles with the aim to provide a critical framework that minimises conflicts of interest.

Figure 3 Roles and relationships of the board and management

Source: Beech, 2017 adapted from Letza, et al 2004, 2015

1.4. Risks associated with a Weak Corporate Governance

What is clearly apparent is that there is considerable risk associated with weak corporate governance four major areas can be identified accounting risk with the challenge of transparency and disclosure where documentation is misleading, incomplete or blatantly misstated. Secondly asset risk where managers or directors misappropriate assets of gain excessive compensation. Thirdly, liability risk where management enter the company into excessive obligations that over committee the organisation that effectively destroy the value of shareholders' equity, this includes off-balance-sheet obligations. Finally, strategic policy risk here managers may enter into transactions, such as mergers and acquisitions, or expose the organisation to excessive risks that are not be in the best long-term interest of shareholders, this would include managers or directors gaining large short-term payoffs.

Here directors and investors need to be mindful to the UK Corporate Governance Code (FRC, 2016) sets out the board's role setting the need *"…to provide entrepreneurial leadership within a framework of prudent and effective controls that enable risk to be assessed and managed"*. Demonstrating the need for companies to have sound governance system that ensure risk assessment are completed which clearly reflect the nature and consequences of the risk the company is exposed to. From which the company can make a clear choice to accept, mitigate, eliminate or transfer and initiate the appropriate control measures to reduce either the impact of an occurrence or the probability of an occurrence happening.

Table 1 Corporate risks and exposure: the effect of weak governance

Corporate Risks and Exposure Due to Weak Corporate Governance Practice

Accounting Risk	Asset Risk	Strategic Policy Risk	Liability Risk	Operational Risk
The risk that a company's financial statement recognition and related disclosures are incomplete, misleading, or materially misstated.	*The risk that the firm's assets may be misappropriated by managers or directors.*	*The risk that managers may enter into transactions or incur other business risks that are self-serving and may not be in the best long-term interest of shareholders.*	*The risk that management will enter into excessive obligations that destroy the value of shareholders' equity.*	*The risk that management employ inappropriate procedures, systems - failure of an IT system, poor quality of services delivered, Health & Safety*

Source: Beech, 2017 adapted from Letza, et al 2004, 2015

In order to demonstrate good practice and help to develop a more systems approach to evaluating risk it is important to have a risk register to enable directors and manager to monitoring evaluate risk. Risk register can be used to identify, assess, and manage risks down to acceptable levels through a review and updating process. The purpose of a risk register is to record the details of all risks that have been identified along with their analysis and plans for how those risks will be treated.

Table 2 Risk register

Risk Register

Risk	Probability *(1–5)*	Impact *(1–5)*	Risk score *(P x I)*	Control measures	Person responsible	Target date
Power failure	2	5	10	Install standby generator	Joe Brown	March
Loss of data	3	5	15	Install updated back-up servers	Nick Hooper	June
Injury in the office	3	3	9	Risk assessment and health and safety training for staff	Jason Pan	July

Souce: Beech, 2017 adapted from Letza, et al 2004, 2015

1.5. Inner Workings of a Board

The importance of gaining a greater understanding of the inner workings of a board should not be underestimated, particularly if we consider the power of large corporations in comparison to 'nation states'. From a purely economic basis, large corporations are major players. For example, the IMF (Trivett, 2011) indicated that Norway would rank as the world's 25th biggest country in the world, with a GDP of $515.56 billion, a figure which is surpassed by Walmart's revenue of $521.89 billion. General Electric's (GE) revenue is $151.63 billion, which is greater than New Zealand's GDP of $150.53 billion, and GE would therefore be ranked as the world's 52nd largest country. This economic power clearly can be used to assist corporations to gain greater political and social leverage and can, collectively, be used to drive a corporate agenda, or even the personal agenda of a CEO, an agenda that even national government may have an inability to fully address. This point is particularly pertinent when developing nations are considered.

The directors who lead these corporations may be elected by shareholders, but are not elected within or between nation states, yet their decisions can carry considerable social and economic influence beyond the remit and scope of the company. Issues concerning corporate power have been raised by practitioners, politicians and academics. The then-president of the World Bank, James Wolfensohn, made the point that the "*governance of the corporation is now as important in the world economy as the governance of countries*" (Wolfensohn, 1999, p38). This position should not be underestimated, as even a relatively small company's decisions could have an impact on the local economy, as well as impacting on the general wellbeing of a wide range of stakeholders. Likewise, as small companies grow, their reach and influence can increase dramatically, whilst at the same time the board will, to a greater degree, lay the foundations for the norms and cultural values of the company. This legacy can shape the way things are done within an organisation (Deal and Kennedy, 1982; Peters and Waterman, 1982) and the whole ethos of how people approach their work and engage in the practice of business.

Peters and Waterman (1982), Kanter (1990), Kotter (1992; 1995) and Welch and Welch (2006) promote the CEO and the leaders (the board) as a pivotal force in organisational change and cultural belief that drives the development of a model of exceptional performance. Although there is some debate about how effective a board can be in implementing strategy throughout a company, one can suggest that the role of the board, in shaping the culture, can lie in the hands of the elite few, reinforcing the critical role they play in plcs and SMEs (including family businesses).

It is possible that power in the boardroom setting can be held by a small numbers of key participants: for example, even in boards of 5-10 there could be a small cabal of key actors (a sub-set of the social elite), and it is common for the Finance Director and the Chief Executive Officer (CEO) to take dominant roles within the board.
It is therefore feasible that only one or two key and skilful individuals within a boardroom can exert considerable influence over the board. Once they control the board (through the established status and appointments within the board hierarchy), they can wield the collective authority and influence of the board over the company or companies within their realm, which can be used to shape action and culture throughout the organisation, impacting its broader stakeholder communities. The actual collective voice of the board may, in fact, be merely the rubber stamping of the will of key skilful boardroom elite.

UNIT 2: Conceptual Modules of Governance

Previous theoretical, conceptual and empirical research has presented models from a broad range of approaches and methodological approaches, often resulting in findings which are largely inconsistent or fragmented, and as a result there is little consensus regarding what boards of directors actually do (Zahra and Pearce, 1989; Pettigrew, 1998; Samra-Fredericks, 2003a; 2005; Kirkbride et al., 2008; Letza et al., 2005; Cunliffe, 2009). One result has been the creation of dualistic paradigms in the primacy of stakeholders (Freeman, 2004) over shareholders (Jensen and Mechling, 1976) or vice versa: i.e. who should benefit from value creation private ownership or broader society? Whilst this debate has provided some insight into corporate governance, the validity of such work has recently been questioned (Letza and Sun, 2004; Letza et al., 2004). It can be seen that such research has not delved into what actually goes on inside the board (Pettigrew and McNulty, 1995; Samra-Fredericks, 2000): these paradigms as devised without observing the actual working of the board in action.

This raises the call to explore and critique the broader conceptual and theoretical background of boardroom studies and consider their individual and collective impact on the perceptions of boardroom operational life and managerial elites. This has considerable relevance to the nature of family businesses which can be seen to be more complex in terms of governance than their counterparts due to the addition of a new variable: the family. The nature of the facility networks, implicit and explicit relationship and family emotions and other backgrounds increases the complexity of issues that these businesses have to deal with. Unlike in other types of businesses, family members play different roles within their business, which can sometimes lead to a non-alignment of incentives and personal drivers among all family members.

We will consider how language establishes our social (language) system building on the boardroom social, human resource and cultural capital, how the tools with which it provides us are used in day-to-day talk (Cunliffe, 2009), and how language informs meaning, which in turn influences and shapes decision-making by directors. By gaining an understanding of this intimate and dynamic connectivity of participants' social dialogue (Bakhtin, 1986), one can hope to gain insight into both general and specific boardroom practice. Understanding this social framing and re-framing of meaning (Fairhurst and Sarr, 1996) provides the conceptual and theoretical framework in which to interpret the dialogue of directors during context-based discourse activities, or as Bakhtin (op. cit.), which, it is suggested, form their own speech genre.

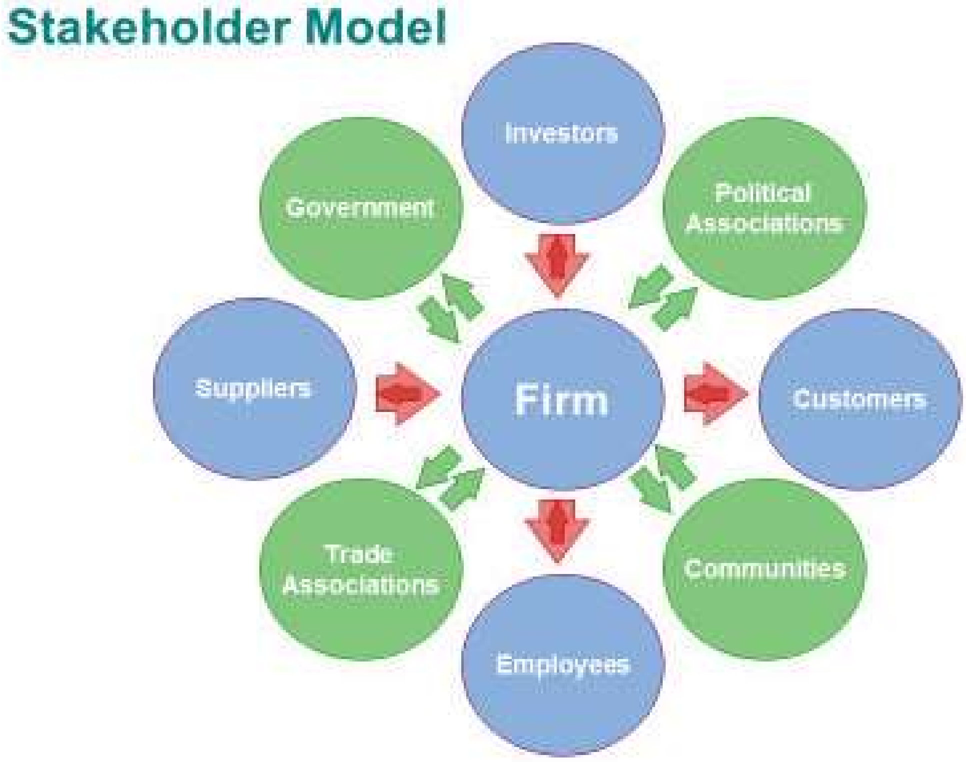
2.1. Governance Orthodoxies

Over the past three decades there has been substantial growth in the amount of literature focused on corporate governance. This has been driven by a vast range of corporate scandals and corporate collapses, such as Enron (Bryce, 2002), WorldCom and Hollinger (Teather, 2005; Peasnell et al., 2005), Lehman Brothers (Fernando, May and Megginson, 2012; Johnson and Mamun, 2012) and culminating in the major global financial crisis of 2008 that almost brought down the world's financial system (Reavis, 2012).

The central issue under debate is the purpose of corporations, and, more specifically, whose interests they serve (Clarke, 1998; Letza et al., 2004) and the effectiveness of the current corporate board in servicing that function. The dominant paradigm (agency theory, principal-agent or finance model) holds that the board represents and safeguards the interests of shareholders (Jensen and Mechling, 1976; Becht, Bolton and Roell, 2003; Sundaram and Inkpen, 2004; Sur, Lvina and Magnan, 2013) and shareholder value maximisation, in part by reducing agency costs (Shleifer and Vishny, 1997), thereby promoting the maximisation of shareholder wealth (Berle and Means, 1932). The principal agent model sees the self-interest of managers when they do not share the principal's objectives as the central problem of corporate governance, a situation that is made more difficult by the separation of ownership and limitations on transparent control, which increase the power of managers to pursue their own agenda (ibid.) at the cost of shareholders.

However, others (Donaldson and Preston, 1995; Freeman, 1984; Damak-Ayadi and Pesqueu, 2005) reject this perspective and argue that the board should create value on behalf of a broader group of stakeholders along the extended value chain and across social communities. The stakeholder model (Freeman, 1984; Mitchell, Agle and Wood, 1997) is currently the main challenger to agency theory and there appears to be a bitter and distracting debate, with each side holding that their theory is superior to the other both in effectiveness and in ease of managerial practice.

Figure 4 Stakeholder model



Source: Beech, 2017 adapted from Letza, et al 2004, 2015

Stakeholder theory entwines a socio-political level resource and market-based view and in so doing attempts to address a moral and ethical stance in managing the organisation and its values, focusing on effectively recognising the board's fiduciary duty to balance the organisation's needs with its diverse stakeholder community. Managers respect and will be influenced in their decision-making by salient stakeholder legitimacy (Mitchell, Agle and Wood, 1997), and, further, will positively, actively (Greenwood, 2007) and progressively (Friedman and Miles, 2006) engage with their stakeholder communities. However, this can, to say the least, be difficult: even to identify who the organisation's stakeholders actually are can be problematic, and addressing the interests of diverse stakeholder groups can be very challenging, demanding parties to participate in an environment of political compromise (Blattberg, 2004).

Both sides of this debate fiercely defend the validity of their stance by considering it more like an orthodox 'ideal model' claim, which has consequently polarised the debate. However, they do not seem to have considered the degree of effectiveness of the current concepts, codes and mechanisms in addressing any of the serious shortcomings of the establish approaches such as agency or stakeholders (Letza et al., 2004; Ghoshal, 2005; Sun, Stewart and Pollard, 2011).

It is apparent that these two approaches have polarised the focus of the debates towards a shareholder or stakeholder epistemological perspective, a precedent that has guided the development of subsequent models such as agency theory, stewardship theory, the principle-agent model and the myopic market model, which take the shareholder perspective. Conversely, following stakeholder theory, the abuse of executive power model, the political model and the resource dependency model take the stakeholder welfare perspective (Letza et al., 2004; Sun, Stewart and Pollard, 2011).

The stewardship model takes a similar conceptual stance to agency theory in that it focuses on goal alignment between the principal (shareholders) and the steward (executives) in the context of shareholder maximisation of wealth. However, it does not assume that the interests of owners and managers are inherently in conflict (Donaldson and Davis, 1991 and 1994). It posits that executives tend to be more motivated to act in the best interests of the company than in their own self-interest, and as such stands as in contrast to agency theory (Davis et al., 1997). Being rooted in sociology and psychology, the stewardship model characterises human beings as having higher-order needs for self-esteem and self-actualisation (Arthurs and Busenitz, 2003). Davis et al. (1997) argued that agency and stewardship represent two very different models of humanity, similar to McGregor's Theory X (Agency) and Theory Y (Stewardship) (McGregor, 1960), with agency holding that managers are opportunistic, inherently untrustworthy and focused on personal financial gains and stewardship holding that the motivations and interests of the principal and the steward are of mutual benefit, so they are likely to support one another in moving towards an organisation's collective ends.

The myopic market model (Charkham, 1986; Sykes, 1994; Moreland, 1995; Letza et al., 2004) is largely based on the principal-agent model, but argues that the short-sighted nature and drivers of the markets overemphasise short-term return (dividend and share price) (Blair, 1995). Here these external drives focus boards and their managers to solely concentrate their attention on maintaining or growing the immediate share price and, by so doing, and at expense of their shareholders' interest, ignore the long-term value of the firm (Letza et al., 2004). Effectively, managers take decisions based on maintaining the immediate survival of the firm and their positions from the likely threat of hostile takeover. However, it can be suggested that it is not the financial market that stimulates this deviation from growing the long-term wealth of the company, but rather the very nature of the shareholders, who focus on immediate return and lack adequate business knowledge and strategic understanding of long-term sustainability, thus creating direct and indirect pressure on companies to only focus on the short-term (Ferdous, 2012).

A proposed solution to improve the effectiveness of good corporate governance (Moreland, 1995; Letza et al., 2004) is to create a background environment that encourages managers to take a more holistic and long-term corporate perspective and to engage in developing long-term relationships, thus encouraging sustained shareholder loyalty and engaging and empowering others groups and interests to develop long-term relationships and a long-term focus.

The political model of governance (Pound, 1992) is where active investors seek to change or influence the corporation's governance policy and actions by amassing voting support from the company's dispersed shareholder population. The suggestion is that this would negate the need to buy additional shares to amass the power necessary to change corporate direction and thereby move the oversight battle to a political level, providing an effective collective shareholder voice through effective dialogue and collective cooperation (Gundfest, 1990; Hawley and Williams, 1996; Pound, 1992; 1993). Furthermore, the strategy would encourage more employee ownership and broader and more diverse representation (Porter, 1985, 1990), with a focus on gaining long-term investor commitment to strengthen governance relationships, providing oversight that is both more effective and less expensive than predatory hostile takeovers.

Whilst this has some potential, it is clear that amassing and sustaining these levels of influence through collective cooperation, particularly via diverse shareholder groupings, is problematic. In addition, the ability of such groupings to effectively monitor top executives (Boyd, 1994) and implement strategies (Rindova, 1999) can also be limited, particularly when it comes to accessing and deciphering appropriate information.

The abuse of the executive power model (Hutton, 1995; Kay and Silberston, 1995; Letza et al., 2004) rejects the claims of the agency model that such models allow excessive power to the key executive managers, who can then abuse their position in the pursuance of their own interest. The suggestion of the executive power model is that there needs to be greater independent, institutional scrutiny and control put in place to ensure that executives work to a common corporate interest, and that the current voluntary codes of practice are inadequate to control the powerful corporate elite. The model supports a call for more stringent statutory control such as fixed-term contracts for chief executive officers; more power and independent nominations of non-executive directors could help to curb this position. Whilst some may argue that external regulatory monitoring may not be totally effective, one can see that there is a slight movement of focus towards the inner workings of the board, and that the model sheds light on the need for independent non-executive directors to be exactly that - 'independent' - and therefore, in part, further alludes to the inner workings of the board.

The resource dependence theory (Pfefffer and Salancik, 1978; Pearce and Zahra, 1991; Pettigrew, 1992) focuses on the growing need for environmental linkages between the firm and outside resources, and there is therefore a need for boards of directors to consider the organisation's alignment within the broader environmental context.

The role of the board - to become a co-operative mechanism to act as a conduit to access resources and protect the interests of the company - is critical, and each director has their role to play within this. This need for inter-organisational linkage requires a diverse range of networked elite directors who collaboratively manage environmental contingencies (Muth and Donaldson, 1998). This engenders a range of capabilities and drives (Bazerman and Schoorman, 1983), with the board collaboratively building corporate reputation and expertise, and securing and coordinating vertical and horizontal linkage. There are criticisms of this stance because it changes the perceived role of the board and the directors, with the board focusing on the appointment of externally influential directors who can access key resources and networks rather than focusing on its governance role and providing independent oversight of the organisation (Carpenter and Westphal, 2001).

This increases the importance of the role of directors, and requires that directors bring a diverse range of skills and contacts to the boardroom and have the ability to interact and network with others. However, the relationship between a firm's performance and the board's characteristics appears to be tenuous, and research attempting to demonstrate a connection has been lacking or contradictory (Daily and Dalton, 1992; 1993; 1994; Dalton et al., 1998; Bhagat and Black, 2002).

Other alternative approaches to corporate governance have been developed, such as the cultural perspective (Maruyama, 1991; La Porta et al., 1997), which challenges the shortcomings of economic analysis and posits the need to account for the very atmosphere of transactions (Williamson, 1975): that, to understand events fully, one must take account of the cultural context both within and between firms. This insight drives the focus towards providing and nourishing relationships that develop mutual trust between all parties and thereby diminish personal or organisational threat. By so doing it encourages a collaborative familiarity that develops and is supported by specialised relational language (Maruyama, 1991). As experience evolves, participants develop communication economies and a specialised language develops that provides greater understanding of the nuances in discourse, allowing communication to be comprehended in more sensitive ways (Turnbull, 2000). In short, both institutional and personal trust evolves through mutually beneficial collaboration. The social adaptability of individuals is critical as they collegiately evolve into a cooperative working culture. The cultural perspective demonstrates the need for greater insight into the relational workings of the board and how day-to-day interactions enable participants to collectively evolve beyond the transactional.

When considering the broad governance debate one can suggest that the current market efficiency orthodoxies based on contract of exchange are not a full representation of history or current practice (Pound, 1992; Turnbull, 1997; 2000). The suggestion is that market transactions are also governed by social relationships (Williamson, 1990) combining four modes: markets, cultural hierarchy, community (clan) and associations. Each element provides different degrees of influence and control and different provisions of information and knowledge, thus creating a dynamic and complex world of collective action and social order.

Clearly some of these modes of governance operation are beyond the scope of rational economics and therefore beyond the vision or analysis of economists (Turnbull, 2000). This does not mean the rational economic perspective is totally wrong, but rather that it is only one aspect of the total picture, and therefore that deeper understanding is required to operate effective governance practices.

Through this process, institutional and personal trust relations evolve which create and reinforce a cultural familiarity, which in turn generates communication economies as specialised language evolves and interactions are provided and interpreted in more insightful and sensitive ways. One can see that these insights elude the subtle use of power and influence, an aspect that seems to be neglected in the economic models, for without power a director cannot act.

Therefore, to operate effective corporate governance in this environment, one needs to understand the surrounding conditions that can influence the events. Dallas (1988) suggests that the actor needs four simultaneous conditions: not only the information to act but also the will, power and, importantly, the capability. She further develops this in her explicit power theory (Dallas, 1988; Turnbull, 2000), introducing aspects that can influence events, for example proactive power coalitions, cooperation, dominant coalition members, other sources of power, multiple inconsistent goals influencing autonomy and discretion, and the working management tools of coalition. Management will deploy these skills and resources to protect their interest and retain and grow their power and security.

Dallas (ibid.) suggests that the agency model, which holds the nexus of contracts and sees managers as agents, is inappropriate and even meaningless, and that directors are really the principals who are the dominant coalition members. Furthermore, the power model posits that managers, by use of superior information, effectively co-opt directors to become tools within the internal power coalition. The power of directors is dependent on there being sufficient members with the knowledge, will and ability to form a board majority. However, will and power can often be influenced by directors' loyalty and obligation to management and the risk of losing their tenure as a director; therefore to act against management they need to be in a secure position, which could mean having the support of key stakeholders.

Linking this theory to the political model (Hawley and Williams, 1996), shareholders can have limited power because they can be inhibited from acting as managers by the use of agenda, disclosure, proxy procedure and voting arrangements to shape events. As management controls the amount and timeliness of the information that reaches the board to engineer events, the board may lack complete knowledge, even if it were willing to confront an issue, rendering them effectively powerless.

The processual approach (Letza et al., 2004) believes governance to be pluralist and dynamic, shaped and evolved through the dynamics of intent and external drives including politics, ideologies and the historical and contextual interface of praxis (Turnbull, 1997). Governance is a product of changeable, transformable and transient patterns; there is no permanent one-size-fits-all governance orthodoxy; governance bodies continue to learn, develop and evolve. The process is relational and is a synthesis of interdependent systems of mutually influential networks. Effectively, it influences and is influenced by its environment, a living collegiate process.

Building on this body of knowledge, one can see there is move away from a detached financial entitative perspective to a governance that is seen as more dynamic and collaborative. How we see the organisation as a static structured thing or a process is fundamental to this (Tsoukas and Chia, 2002); here the perspective is that of a process of collectively organising, negotiating and sense-making (Weick, 1979).

There is therefore a need to see governance in an alternative way as an ever-evolving mass. Emergence theory (Sun, 2009) builds on this, but critically focuses on the nature of the business process within the entity (process metaphysics), rather than on the entity itself (substance metaphysics), therefore viewing governance as a living organism that is autonomous, self-driven, idiosyncratic, complex and dynamic that adapts to its environments including the actions of its constituent actors overtime. The entity should not be seen as a clear focused process that undergoes rational, stepped transitions, nor should it be seen as a solid entity, in part or whole, but rather as a loose and distributed network of interrelationships. The entity is complex and dynamically evolves through the sum of the many interactions and interventions of its participant actors; it is continuously shaped and reshaped by these interrelationships. Factors such as the internal environment, the drive for actions, the local interpretations and the influence of history, social systems and protocols, values and future expectations of events will all play a part in influencing events in real time as they unfold.

Effectively, the entity is undergoing continual redefinition through the emergent properties of its changes (Weick and Quinn, 1999; Tsoukas and Chia, 2002); however these changes can appear planned, but can also be unintentional or spontaneous (Orlikowski, 1996), developed by the influences of all the actors involved, but to different degrees. In part the internal impetus and enactment of a process will be determined by the will and power of the participants but also by the dynamic unfolding of events, effectively creating a systemically negotiated process.

However, all is changing: the entity, individuals and the collective are constantly renegotiating the cultural web (Johnson, 1987) of beliefs that shape meaning, understanding and collective action (Kotter, 1992; Deal and Kennedy, 1982; Schein, 1992), merging the past, the present and the future, cultures and sub-cultures, to make sense of events time, space and context (Weick, 1979; Tsoukas and Chia, 2002; Ravasi and Schultz, 2006). This evolving processual view recognises power, interest and information as entwined within the local relationships of actors and skewed by the subjective experience of dynamic interactions set within the contexts of time and space. Clearly the exercising of power is dependent on the perceptions of events, of which external rules will be only one possible element that influences participants' actions. Power is not a static or idealised obligation to those that do not have power, but is rather a reaction to the perceived influences and pressures of that moment (Weick, 1979) and will be influenced by attitudes, wills and intentions (Foucault, 1979). To differing degrees, actors experience the process of life in their own activities (Sun, 2009). One can see that interpretation of meaning can be subjective in nature and dependent on local social relations and actions at a given time; from this one can account for why the conventional corporate governance rules and code-based structures have failed.

UNIT 3: General Governance Theory

3.1. Shareholder Perspective

There are two main theories of shareholder-oriented governance: the principal-agent or finance model and the myopic market model. The principal-agent model assumes that the social purpose of corporations is to maximise shareholders' wealth (Coelho et al., 2003; Friedman, 1970) it further regards the central problem of corporate governance as managerial (agent) relationship driven by self-interested.

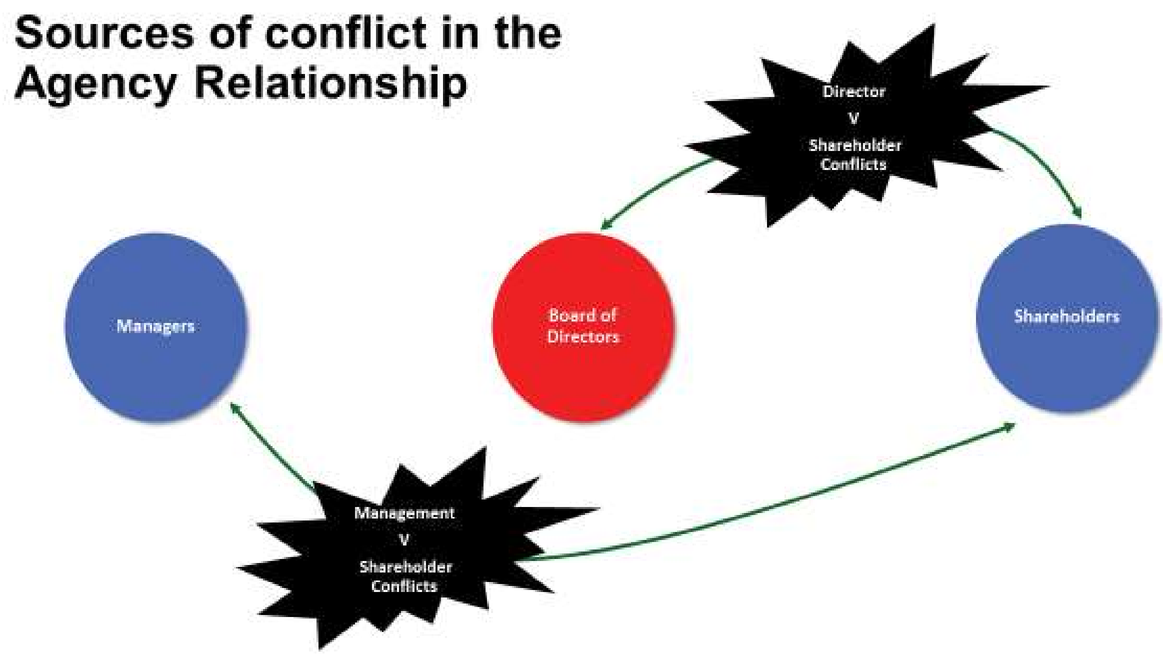
Figure 5 Agency theory

Source: Beech, 2017 adapted from Letza, et al 2004, 2015

The main challenge is when the agent does not share the principal's objectives, the risks are compounded as the separation of ownership and control increases the power of professional managers (agent) who are free to pursue their own aims and serve their own economic interests at the expense of shareholders (Berle and Means, 1932; Fama & Jensen, 1983). This create two problems, firstly as it is difficult or expensive for the principal (shareholder) to verify what the agent is actually doing principal cannot verify that the agent has behaved appropriately. Secondly this is compounded as the principal and the agent may prefer different actions as they have different attitudes toward risk (Eisenhardt, 1989, p. 58). This in turn generate oversight costs incurred by the principals as they attempt to ensure that agents act in their interests: ''agency cost'' (Jensen and Mechling, 1976).

To address this problems agency theory must determine the most efficient 'contract' governing the principal-agent relationship and provide optimal incentive scheme to align the behaviour of the mangers with the interest of owners. The weakness of this model is its reliance on corporate internal control and provides over reliance on a transactional and potentially superficial market mechanisms, as it assumes that markets are the most effective regulators of managerial discretion, the so-called ''efficient market model'' (Blair, 1995, p. 107) this presents many challenges and there is little evidence to demonstrate its effect.

Figure 6 Agency framework: sources of conflict



Source: Beech, 2017 adapted from Letza, et al 2004, 2015

3.2. Myopic Market Model

The myopic market model shares a common view with the principal-agent model that the corporation should serve the shareholders' interests only, but criticises that the Anglo-American model of corporate governance because of ''competitive myopia'' (Hayes and Abernathy, 1980) and its consequent pre-occupation with short-term gains in return, profit, stock price and other performance measures induced by very market pressures. Effectively the challenges of conventional governance models is that it incentivises manage to only focus on short-term and immediate performance of the business in the form of dividend payments and share prices to accommodate the demands of the financial markets but sacrificing long-term value and competitiveness of the business, thereby undermining the long-term life of the business wealth for shareholders (Blair, 1995).

3.3. Stakeholder Perspectives

There are two main theories of stakeholder governance: the abuse of executive power model and the stakeholder model.

Expanding on agency theory the executive power model argues that current corporate governance arrangements vest excessive power in the hands of management who may abuse it to serve their own interest at the expense of shareholders and society as a whole (Hutton, 1995, Letza et al, 2008). The suggestion is that current institutional restraints on managerial behaviour, such as non-executive directors, the audit process, the threat of takeover, are simply inadequate to prevent managers abusing corporate power and that shareholders themselves investing through the stock market uninterested in all but the most substantial of abuses, or do not possess the knowledge or skill to be full aware of the undertaking or risk they are exposed too.

Further incentive mechanisms, such as share options, are means through which managers can legitimise their abnormal overpayment (viewed by some as a symptom of the breakdown of governance (Keasey et al., 1997, pp. 7-8; Letza et al, 2008)). It can be suggest that such abuse of executive power is particularly embedded in the problem of executive overpay since executive remuneration has risen far faster than average earnings and there is very minimal evidence of any link between compensation and management performance (Conyon et al., 1995; Gregg et al., 1993). The only restraint on executive pay seems to be the aspirations of executives themselves, rather than the so-called checks and balances of '*independent*' remuneration committees, with suggestions that the very notion of independence is generally a mascaraed that not only does not restrain excess of pay, but provide institutional justification for it (Kay and Silberston, 1995, p. 85, 94).

What is worse is that it legitimises self-serving managerial behaviours that is consistently reinforce across all business markets and the monitoring mechanisms are at best inadequate (Kay and Silberston, 1995, p. 94) or a sham. This fundamentally subverts the very notion of and basic objective of corporate governance in providing ''managerial freedom with accountability'', that provides management with the power to develop the longer term business, whilst holding them rigorously responsible to all stakeholders, when in reality it promote self-interest myopia.

The stakeholder model provides a central proposition is that a wider objective function of the firm is more equitable and more socially efficient than one confined merely to shareholder wealth (Keasey et al., 1997, pp. 8-9). Stakehodlers theory works on the premise that a stakeholder is defined as ''any group or individual who can affect or is affected by the achievement of the firm's objectives'' (Freeman, 1984, p. 25), and this is ''meant to generalise the notion of stockholder as the only group to whom management need to be responsive'' (Freeman, 1984, p. 31). This provides breadth that includes other group's firstly primary stakeholders such as employees, suppliers, customers and managers those who are vital to the survival and success but also secondary stakeholders, such as the local community, the media, the government, special interest groups and the general public, that is society in general. Effectively they see stakeholders as all those who have a long-term association with the firm and therefore a ''stake'' in its long-term success, is recognised.

Therefore this goes beyond the conventional corporate governance debates which appear fixated with the relationship between corporate managers and shareholders providing contextually constrained, partisan and confined perspective of the world that does not fully consider the 'public' nature of corporate life. The stakeholder model holds that its efficiency is demonstrable in two principal ways (Keasey et al., 1997), firstly in the form of reputational enhancement though an informed and ethical treatment of suppliers, customers and employees that build the prestige, standing, character and influence of the corporation through the construction of authentic trust based relations that promotes profitable investments and mutually beneficial exchanges. By building ethical collaborations over a long period, they are able to substitute co-operative outcomes that enhance competitive advantage through both internal and external relationships (Jones, 1995).

Figure 6 The linkage between profitability and responsibility

Source: Freeman (1984).

Secondly, stakeholder theory promotes the corporation as an enduring social institution, with personality, character and aspirations of its own, with a proper public interest – the interests of a wide range of stakeholder groups, and with public responsibilities (Kay and Silberston, 1995) this promotes greater integration including involving employees in decision making and where suppliers and major customers are also linked through interlocking shareholdings and cross-directorships. This approach draws on Japan and Germany as examples of successful industrial societies where corporate goals are defined more widely than shareholders' profits.

3.4. Multi-Family Multi-Business Context

In a multi-family multi-business context stakeholder theory starts to expose differing personal and organizational identities (Cannella, Jones, & Withers, 2015) and their impact and desire for control and influence further affect a firm's governance. However, business interests are not always aligned among members of a single family. For example how, when, and why assets should be passed on to kin who may have divergent interests introduces additional and often complex intergenerational challenges. Varied ownership patterns may also introduce conflicts among controlling family owners and between family owners and nonfamily owners, who hold minority stakes in the firm (Morck & Yeung, 2003). Governance challenges can become even more complex when owners or managers come from more than one family that may, or may not, be related.

The major challenge for academics and practitioners alike is that although traditional corporate models of governance recognize general stakeholder diversity, they do not adequately account for the various permutations of stakeholders and often diverse interests that manifest in family-influenced firms. Additionally, the literature focuses on developing structures for solving problems at the family level and the business level in a parallel fashion (Carlock & Ward, 2001), how there are calls for more critical and deeper investigation in to how these systems and relationships interact, across multifamily and multi-business levels.

3.5. Current External Demand

Even with these developments and new insights into corporate governance there are still many criticisms of these established corporate governance orthodoxies, specifically of the application of a rational economic logic approach that fails to consider the complex and in-depth nature of management and governance working and living practices. This superficiality in observation of these orthodoxies appears to see governance practice as logical, systemised and static in nature, caused by such models' dependence on universal governance solutions which describe optimal positions with universal effects (Clarke, 1998; Letza et al., 2004; Ghoshal, 2005; Sun, Stewart and Pollard, 2011). It can be suggested that such models are naïve and largely do not account for the dynamics of working life and the emotional nature of human interactions, which are essential elements of management life (Pettigrew, 1992; Garvey and Williamson, 2002; Cunliffe, 2009; Garvey, 2011; Sur, Lvina and Magnan, 2013). The claims of the established models do not address the realities of boardroom governance practice.

Bizarrely and paradoxically, one of the consequences of the major financial crisis is that it has stimulated a resounding call from both practitioners and regulators for a generic one-size-fits-all board mechanism and composition (Sur, Lvina and Magnan, 2013). However, this does seems to avoid reviewing the evidence about the validity of underlying governance concepts and practice, which tend to take a detached, formal and static stance on the working of governance mechanisms (Daily, Johnson and Dalton, 1999; Merritt and Lavelle, 2004) and negates the intimate, dynamic and complex nature of boardroom life, as well as the complexities of lower managerial relationships. Boardrooms are environments that are difficult to access and as such appear to have eluded the appropriate degree of scrutiny (Samra-Fredericks, 2003a; 2003b; 2005). Heracleous (1999, p. 263) suggests that, whilst there are standards for good boardroom and governance practice, they cannot by themselves ensure effective practice; for example, the appointment of experienced independent directors may be ineffective if they are not able to contend with the political dynamics within the board or an overzealous Chairman or MD.

The emphasis on a 'magical' grand theory that can be applied to all corporations misses the point: even though Enron, WorldCom and Lehman Brothers were all ranked as having best practice compliant boards (Sur, Lvina and Magnan, 2013) and having open independent scrutiny, they still failed, and only after the event were their inappropriate practices unveiled. Further empirical external studies, focusing, for example, on the relationship between governance practices and firm performance, provide at best inconclusive evidence, demonstrating neither a positive nor negative relationship to a wide range of control mechanisms (Dalton et al., 1998; Daily, Dalton and Cannella, 2003; Aguilera, Filatotchev, Gospel and Jackson, 2008; García-Castro, Aguilera and Ariño, 2013). Further, it is essential that we first understand the actual working relationships and practices within the boardroom before we can develop effective theories and concepts regarding their management (Clarke, 1998). It is only at this point that we can determine whether the external standards set have any hope of being effective (Heracleous, 1999).

3.6. The Board and Directors Roles

"The key purpose of the board is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and relevant stakeholders."

Standards for the Board (1999)

To achieve this the board needs to be:

"A well-balanced board of well-chosen executives and non-executive directors, with the chairman's leadership and co-ordination should provide a totally integrated team to shape the destiny of the company, ensure its profitable performance and safeguard its interests"

Harper (1997)

To attain this the board must work as a team and therefore the board has the right blend of skills, expertise and personalities. There is also a need for the board to have an appropriate degree of diversity which can make positive contributions to its decision-making processes so as to enable it to face current and future challenges successfully. It is therefore key that board appointments place significant emphasis on succession planning both with regard to independent and non-executive directors' positions.

Harper's "Directors Roles Model" (2005) further support this, reinforcing the nature of the skills and abilities of the directors, but suggesting specific roles directors can play in supporting one another whilst working within the board activities to challenge the norms and stimulate creative thinking and effective debate. These skills go beyond a conventional job description to include personal tacit traits and collective abilities as indicated below:

The Directors' Roles

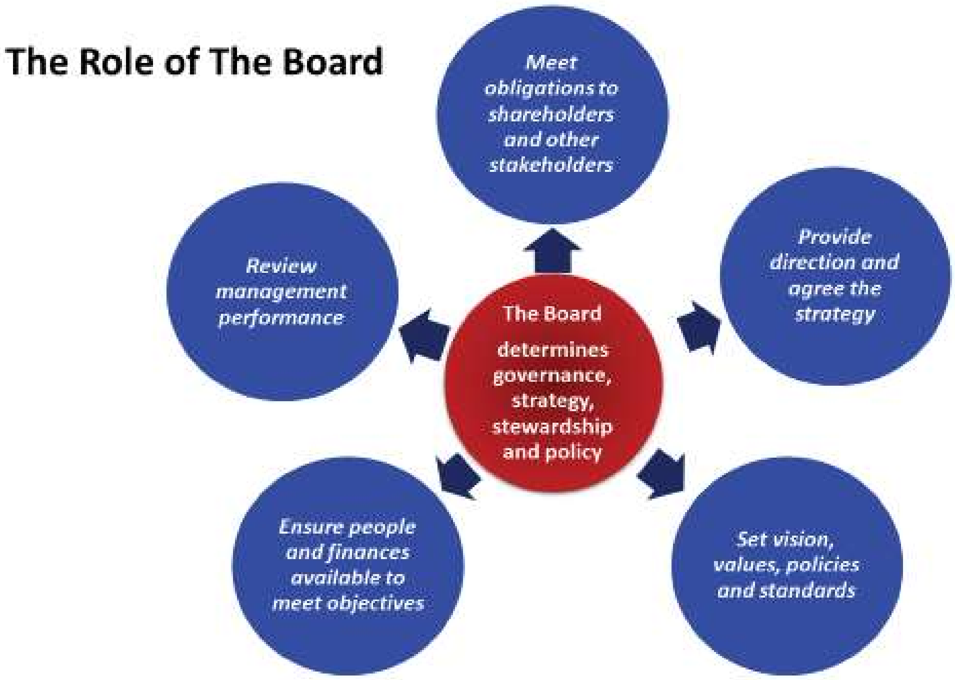
1. Supporting	Counsellor, Advisor, Supporter, Listener
2. Creative	Challenger, Influencer, Debater, Decider
3. Political	Problem Solver, Ideas Generator, Opportunity Organiser
4. Overseeing	Questioner, Prober, Observer, Monitor

Harper (2005)

It is not just a board's decision-making output that is important: it is also essential to understand how such decisions were facilitated and came about, and how the individuals performed and contributed to the decision taken (Spillane, 2006; de Bono, 2009), because this environment can have an impact on participants' ontological and epistemological view of the world and, therefore, how they see and scope problems.

This insight raises the challenges of context and how language is used, and it further raises the expectation that the corporate 'elite' should have more skills and greater awareness of themselves and others so as to be able to influence boardroom discussions. Participants will need to have insight into context and how it can influence different perspectives on debate, which can include awareness of different agendas. Such insights demonstrate the need for directors to have political awareness and the ability to operate in such an environment; this thereby reinforces the naivety of the external assumption that boardroom environments are neutral and devoid of personal biases and agendas (Letza et al., 2004).

Figure 7 The role of the board

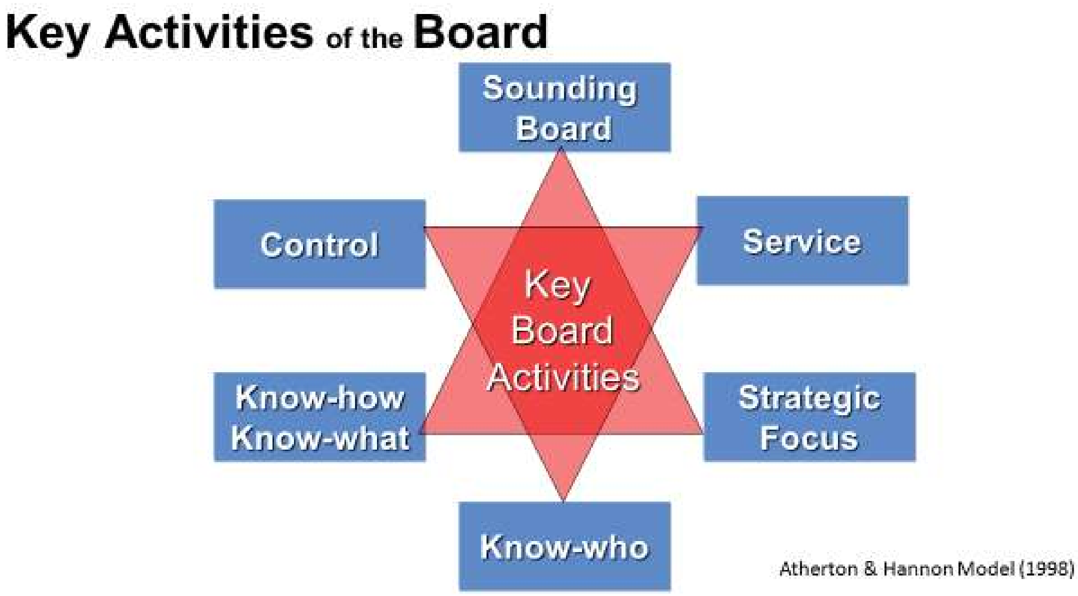


Source: Beech, 2017 adapted from Letza, et al 2004, 2015

The models of both Harper (2005) and Hannon and Atherton (1998) allude to the need for a deeper understanding of the actual workings of a board and the skills of directors to communicate, support, challenge, test, stimulate and share in a living boardroom environment, rather than merely focus on the duties and responsibilities within a governance framework. This creates awareness of the higher demands on, and skill set of, the board (Heames and Service, 2003), moving from viewing management as a logical, functional resource allocation to seeing leaders as people with insight that "goes beyond logic" and includes management of ethics and values.

They also place a greater emphasis on the interactions of the management elite and the linguistic and text-based skills needed for success at this level, perhaps creating a distinction between functional management and leadership. This moves beyond assumptions of the rational analytical, structured nature of management who control and allocate resources (Hickman, 1990) to a more insightful and collaborative leader, with directors possessing a collection of interpersonal and linguistic capabilities that enable them to communicate vision, stimulate creativity and flexibility, and intuitively read, adapt and manage events as they unfold.

Figure 5 Most important activities of the board



Source: Atherton and Hannon (1998)

The skill of the leader is in the ability to channel and systematise this as a sustainable way of working within the organisation, both in actions and style. Such leadership ability will be built on language-based augmentations that reinforce the overarching management protocols. Personal power and influence then need to be considered when acknowledging this deeper working within a boardroom environment, and it is clearly important to note that not all are equal in a boardroom environment. Not all have the power of the managing directors or chairman; however, with the appropriate linguistic skills, rank and file directors can develop influence and thereby develop the tacit power to influence decisions and support the creation of solutions to strategic problems (Hambrick and Mason, 1985; Kotter, 1995; House and Aditya, 1997; Fendt, 2006).

These insights from both practitioners and scholars provide evidence that supports the notion that strategy making is not always clear and rational and involves many different influences, including rational, resource-based perspectives and personal agendas, vision, fear, awareness and moving perceptions of events as they unfold. The works of Harper (1997), Atherton and Hannon (1998) and other authors such as de Bono (2009) clearly illuminate the need for greater insight into the attributes of directors, ranging from critical thinking to collaborative working. What is apparent is the need for strong interpersonal skills which rest on an individual's stock linguistic resources and their ability to actively and effectively apply them within the boardroom context.

UNIT 4: The Managerial Elite and the Family Firm

When considering boards and directors, one cannot avoid touching on the idea of a social/corporate elite, a small minority, a network of economic elites, who hold considerable power independent of a state's government. It is suggested that there are cohesive interpersonal networks composed of top leaders in business and other executives who control key national decisions (Mills, 1956; Moore, 2002), a set of overlapping 'crowds' and intricately connected 'cliques' (Mills, 1956, p. 11; Moore, 2002), who are both enmeshed and complicit in retaining power.

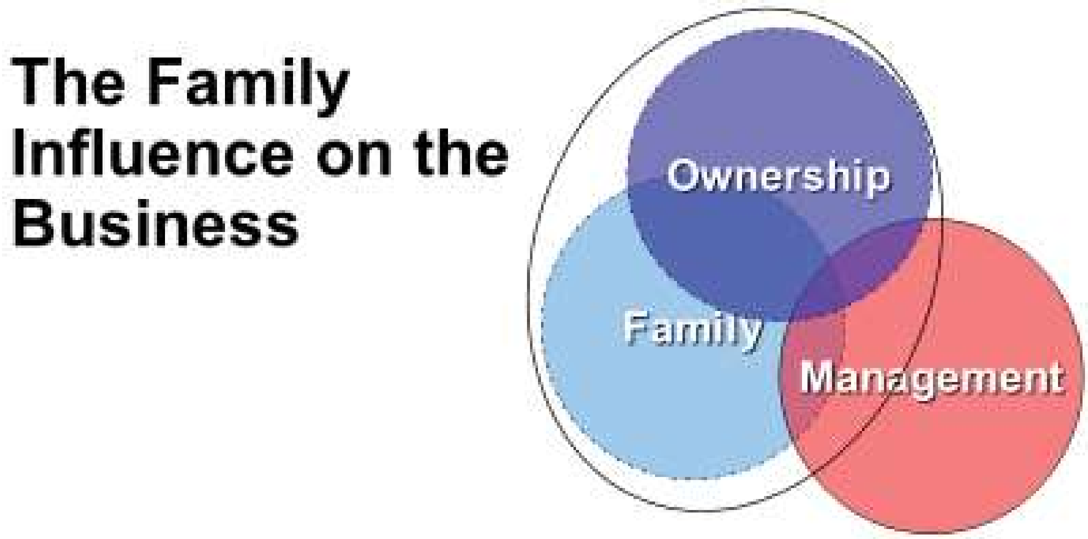
It is contended that this cohesion is born out of social class, homogeneity, family and educational background (Useem and Karabel, 1985; Ott, 2011), while others suggest that these relationships are value-based pragmatics (Putnam, 1976; Moore, 2002). Within this review scholars have attempted to map interpersonal or interorganisational connections (Moore, 2002), either reported by these elites or through more informal membership network analysis (Domhoff, 2005; 2009), which includes studying of cross-board membership by directors and general association and membership of other organisations. Such research focuses on the importance of the *informal* communication networks (Higley and Moore, 1981; Moore, 2002) found in tightly integrated elite circles which represent diverse elite groups in cohesive "central circles" and the core groups within each central circle, which consist of the *most powerful elites* in each country, demonstrating tight integration: circles within circles. Higley and Moore (1981) support Mills (1956), who described them as *"shifting, informal and mainly invisible central power circles"* (Mills 1991, p. 50), elite networks of influence and shared opinion providing relatively easy, safe access to one another, with directors not only holding corporate boards but also holding seats on key non-profit boards of trustees (Useem, 1985; Bond, 2005; Burris, 1991). This suggests that there is a fine corporate web, with the employment and movement of power within and between the corporate elite that maintains an established orthodoxy.

Elite networks are complex and their interplay and relationships can often be subtle. Although they may be distinctly talk-based, they may therefore need a greater appreciation of history and of personal power and relationships. Such an understanding questions the accuracy of recording of events: what is purported to have transpired may or may not reflect a *total* reality because factors such as the way in which something was said and by whom could have an impact. This can be divisive, but when interpreting accounts of events, one must understand the observer's personal perspective. One can suggest that interpretation is both context- and experience-based, requiring the observer to consciously recognise and reflect on what is happening in front of them; this can present the opportunity for deeper insights to be gained.

Corporate elites' power can be considerable, operating at grand strategic levels (national/ international and socio-political), but it can also be relative set within confines of the local corporate structure, which can be distinctly focused on the boardroom and the interplay of its specific corporate elite. Within this study one can focus on the local elite to see how their style and specialist language is used to affect interpretation and effect action. In support of this one can see that discourse contributes and constructs relationships and that there is therefore a clear link between discourse and power (Wodak, 1985; van Dijk, 1989; Mey, 1985; 1993) which informs both the subject to be studied and the approach to be adopted in communicating and influencing such groups.

4.1. Familiness

Figure 8 Influence of the family on the business



Source Beech, 2017 adapted from Letza, et al 2004, 2015

The 'familiness' of a family business is a topic important topic of discussion in the context of a family based firm (Chua, Chrisman, & Sharma, 1999; Dawson & Mussolino, 2014; Habbershon & Williams, 1999; Irava & Moores, 2010; Zellweger, Eddleston, & Kellermanns, 2010). Originally the concept familiness alluded to the resource-based perspective as a specific bundle of capabilities and resources unique to a business (i.e., the essence of the business) resulting from the multiple levels of involvement of a family (Habbershon & Williams). However this has been expanded to provide greater depth to the concept by applying social capital and systems theory (Arregle, Hitt, Sirmon, & Very, 2007; Habbershon, 2006; Habbershon, Williams, & MacMillan, 2003; Pearson, Carr, & Shaw, 2008; Weismeier-Sammer, Frank, & von Schlippe, 2013), this has raise debate concerning what a family business is and the degree of influence, overtly or covertly, the family or key family members have on the strategic and day to day management of the business.

What is apparent is that this t highlights the uniqueness and added dimension of such business but also heterogeneity of family context (Chrisman, Chua, & Litz, 2003; Chua, Chrisman, Steier, & Rau, 2012; Nordqvist, Sharma, & Chirico, 2014; Sharma, 2004; Westhead & Howorth, 2006) and their impact on organizational identity. It is also noted therefore to capture the nature of what a family business is family involvement, organizational identity and essence familiness in terms of behaviours and expectations all need to be accounted for to provide an holistic understanding of the concepts and practice (Zellweger et al., 2010).

Case study: Local Legends and Long-term Legacy

George was a local legend, managing director and owner of a very successful medium sized company that specialised in manufacturing customised mechanical parts. He was a local motorsport participant and well known for his unorthodox dress style and loud music. He saw himself as a hardworking, hard drinking and hard talking entrepreneur who was not afraid to speak his mind nor suffered fools. His life philosophy was, if he had a problem, he could sell or hard negotiate his way out of it and he could not see the point of producing elaborate business plans.

George had great designs on his only son Charlie and saw him as the company champion and for him to follow in his father's footsteps, however Charlie had had desires to follow a military career and initially had not had much interest in the family business. It was not until George had had his first heart attack, about 5 years ago, that Charlie had had to join the company to support his father.

With his son beside him George continued to live an on the edge life style which continued to undermine his health. Charlie awoke one morning to hear that his father had had a second and fatal heart attack.

Reflecting back on his life to date Charlie felt entombed in a business that had forced him to change his career, something now he could not change as he had a wife and a young family to support. He also felt great loyalty to and responsibility for his 75 strong workforce and therefore had to see his business through these troubling times. He noted that the situation had been made worse by his father never effectively developing his senior management team, planning or fully considering 'how' Charlie would lead the business on his passing. George had not even given an idea of the business worth, the level and type of debts the company had, or even if there were any potential buyers. It would appear that George as a strong hard man had not wanted to talk about death, money, and relationships.

Today Charlie has no intention of leaving the business even though this was not a career he wanted but was forced upon him by fate. He has given up all consideration of following his original aspirations but wishes his father had really been fair with him and just thought ahead about the consequences of his actions. As for his children, Charlie would encourage them to pursue their own passions but if they wanted to work in the family business he would not stop them, however, he would ensure they made an informed decision when coming on board about understanding the full consequences of running a large business.

Comments:

The case highlights issue concerning parental myopia, the driving of narcissistic agenda and the lack or disregard for of strategic oversight or concern for others. It raise issues in area of entrepreneurial leadership and the dominant focus of on short term economic drivers as opposed to broader family and ethical discourses. What would appear is a dominant masculine narrative that promotes the agenda of one key actor with disregard for process, the nature of good management practice, reflection on course of actions, the needs of other family members or the long term consequences of decision making.

Source: own elaboration.

Case study: A Royal Mess

Philip and Elizabeth were a third generation family business and it was with great pride they had taken on the family enterprise and successfully lead the business for 25 years, however, now their eyes had started to focus on retirement and establishing a next generation of management to take the business on. The firm had a turnover of £2 million and employed 120 long-standing loyal employees, Albert's business philosophy was that he had an extended family and he felt protective of his employees and very loyal to his local community.

They had three children and it was always assumed that the oldest child Edward would take over the firm, however, he had had a very successful career in the city and when approached regarded such an option with considerable distain as he did not wish to work in the provinces. This news had been a big shock to Philip and Elizabeth as Edward was distinctly the most entrepreneurial of the siblings. The other two children whilst being very hard working and generally good managers were not seen as having that essential entrepreneurial flair or being able to run the business.

Reluctantly, and in response to this dilemma, Philip and Elizabeth had decided to recruit a non-family CEO with the aim that eventually they would become the managing director (MD). However, when making this decision and selecting the candidate there was little if any consideration made to the nature of the business culture nor the degree of involvement with the family. Over a two year period tensions started to surface and a devices power struggle immerged between the family and non-family management team. The new CEO had recruited three senior managers who collectively had attempted to build their own power base which had resulting in a lot of conflict and recriminations, loss of business focus and energy and demanding considerable time and effort on the part of Philip and Elizabeth to solve the problem. On reflection it was considered that the initiative had been a major disaster that had not only created a costly power struggle where the CEO and his team had had to be removed but had hit the very foundations of the family business culture as well as impacting on the health of Phillip.

These events had provided considerable learning to both Philip and Elizabeth and challenged them to review the way they looked at the business and each family member and the contribution they could make, as they believed that another mistake could result in the business collapsing.

They started to look at the skills and acumen each of the two remaining siblings possessed, what they noted was that the second child 'Andrew' was very strong on the financial side of the business and whilst not possessing strong entrepreneurial skills he did demonstrate a sound understanding of the business fundamentals. The youngest child, a daughter 'Ann', was married to an employee of the business demonstrated generally good management skills and more importantly was dedicated to the firm and the family entity. With this in mind, and not forgetting the oldest child, Philip and Elizabeth decided that over the next 5 years they would build the capability of their youngest child to prepare her for the MD roles, but that this would also include the support of Andrew who would move towards becoming the Finance Director. They also considered using Edward in a non-executive director's role to reinforce both a cohesive family setting but also enable Ann and Andrew to access some elements of his entrepreneurial flair and support.

This process had been quite challenging and revealing to Philip and Elizabeth in that throughout the period of their leadership they had made great assumptions regarding the family order and that the passage of ownership would have been given to the oldest child. In part, this had driven an oversight in seeing the 'specific' potential of the younger siblings and potentially their family members, an oversight that had impacted on their time, money and personal health.

Comments:

The case highlights the challenges of long term planning and the way assumptions of family commitment and lineage based on traditional customs. It demonstrate that even with establish family businesses that external management teams and their selection and development are not at the forefront of the decision making process within such organisations. It would appear that within such structures the notion of governance or even strategic oversight focuses at the local or conformant operational level rather than being a holistic strategic tool to promote good practice. The case raises many issue on family centric vision and assumption that block the visualisation or consideration of possible strategic options.

Source: own elaboration.

Reflective Questions

The questions provided in this section will help you in a better understanding of the teaching material provided in this section. Please read them and to try to provide the answers in a creative way. If possible, try to discuss your answers with your colleagues from the class:

1. What is in your oppinion the biggest chalnenge to honesty in family firms?
2. Can you think of most common strategic policy risks for family enterprises?
3. What is – in your oppinion – the most important role of the board in family businesses?
4. How important is it that management regularly reports to the board on key outcomes and targets that flow directly from the strategy and what are the consequences of a lack in communications?
5. Why is it important that the board has a clear set of objectives that are independent of those for the organisation?
6. How does the board's role in oversight of risks factor in?
7. Why it is important that the board is clear on its risk appetite?
8. How can the board influence the corporate risk culture?
9. When considering the boards role reflect on the key skills directors need to bring to the board to enhance it's effectiveness?
10. Can you provide any example of organizational learning?
11. What's the board's role in corporate governance — and how does that differ from management's role?

SECTION II: HR management in small and family business

(Sára Csillag, Péter Csizmadia, Anna Laura Hidegh, Karina Ágnes Szászvári, Budapest Business School)

As we mentioned before, small- and medium-sized enterprises (SME) play a significant role in the European economy. Still, the assessment of HR practices in small and medium-sized enterprises may have several difficulties. To begin with, there is no standard definition for them – in the EU under 250 persons we talk about micro (up to 10), small (10-49) and medium-sized (50-250) enterprises, whereas in the US small enterprizes have max. 500 employees. On the other hand, even within the category, the picture is rather varied: according to data based on Harney and Nolan (2014), 40% of Irish SMEs are, in fact, one-person enetrprises where – obviously – HR activity is nonrelevant. Accepting the suggestion made by Storey (1994), HR activities of SMEs may be studied in companies, which are 'definitely not large'. It must be noted, that in the study a small-sized enterprises, two concepts can be identified simultaneously: one is 'small is beautiful', which implies flexibility, direct and close relations, a low level of bureucracy and, accordingly, an emphasis on highly challenging and motivating positions. The other stereotype 'small is bleak house', which, on the other hand refers to the lack of security, stability, future prospects and unfavourable working conditions (Harney and Nolan, 2014). As we have seen before, the diversity of SMEs makes it rather difficult to gather generally applicable characteristics.

In the present chapter we discuss four main issues connected to the HRM practices of small- and medium-sized enterprises: (1) competition for talent, (2) performance management (3) training and development (4) corporate culture. In each subchapter we outline the basic definitions, and show some the charactristics of practice of the SME-s and family firms.

UNIT 5: Competition for talents

5.1. Talents and talent management

It is held talents are creating an important driving factor for organization to be competitive, and being able to achieve success in a long-term perspective. Although it is so unique identifying, attracting, retaining talents seem to be a huge challenge for companies (Torrington et al., 2017).

"Talents consists of those individuals who can make difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest level of potential." (Torrington et al, 2017. 317.p) So, in a wide view a talent, or a high potential employee, can be anyone in a company, independently of educational level, experiences, or age-group, whose talent needed to be unlocked or developed to perform well not just currently but in ling-term too.
Managing talents is imbedded in strategic HRM. *Talent management is a* goal-oriented and integrated process of planning, recruiting, developing, managing, and compensating employees. It involves instituting a coordinated process for identifying, recruiting, hiring, and developing high-potential employees. (Dessler, 2013, p.19) It is a management perspective as well, any of the talent management task is interrelated to the others, for example making a staffing decision will influence the later training and development or reward decisions, and must be based on the same "profile", which are used in the selection, training, performance appraisal, or compensation processes.

5.2. Job analysis, job description, job specification

Being able to use the talent management perspective all managers have to understand the basics of job analysis and the connecting outcomes, the job description and the job specification.
Job analysis is the procedure for identifying the tasks and responsibilities on one hand, and the knowledge, the skills and the required to conduct those tasks and responsibilities. Today in changing work situations more and more jobs organized on project-based and accordingly someone's duties change continuously. In such case it is more useful to use competency approach, and discover the required competencies that ensure to do the job well.
Job description is a document containing the job's general tasks, duties, responsibilities, specifies the reporting relationships, working conditions, the qualifications and skills needed by the person. It is a recommended appendix of the job contract.
In case using competency model instead of job description a job profile is created, which contains competencies (skills or behaviours), personal attributes (personality traits, etc.), knowledge (technical and/or professional), and experience (educational and work achievements) (Dessler, 2014; Fleischer, 2009).

The other output of the job analysis is the job specifications. It describes the employee characteristics and qualifications of the job: knowledge (education, experiences), skills (physical, emotional), abilities, personality etc.

5.3. Recruitment and selection

Recruitment and selection process traditionally has three main phases:
Human resource planning, recruitment: locating prospective candidates, and employee selection: evaluation and hiring

Being strategical means planning the future, knowing the business goals and planning how to reach them. Human resource planning is a process that identifies current and future human resources needs for an organization to achieve its goals. According to a basic planning process there is need for forecast the employer's demand for labour and supply of labour, then identify supply–demand gaps, and develop action plans to fill the projected gaps (Dessler, 2014). Taking a talent management approach the workforce planning requires being more proactive, it requires paying continuous attention to workforce planning issues. Some of the HRM activities which contribute to this phase: HR planning and staffing strategy, job analysis, job description, job specification, recruitment and selection strategy etc.

During the recruitment phase the company makes effort to reach and build up a pool of candidates (using internal and external resources) through job postings, job referrals, advertisements (press, online), university recruitment, social media (LinkedIn) etc. Recruiting means attracting and/or finding applicants for the employer's open positions. Many employers found it challenging getting qualified applicants even if in high unemployment condition. Therefore, it is highly recommended today to build a strong employer brand amongst potential applicants. The employer brand is validated by the actual employees, by the inner reality of the company, so it should start by creating such a working environment in which employees like to work. Employer branding in general focuses on what it's like to work at the company, what are the unique and differentiating company values, and the given prospect and possibilities for employees.
Employee selection is the process by which an employer evaluates information about applicants. The process is about to make a valid prediction on the candidate's future performance in the job by answering the three major questions: 'Can the applicant do the job, is he/she competent?', 'Will the applicant do the job, is he/she motivated?' and 'How will he/she fit into the organization?'. Carrying out recruitment and selection, the most important elements have to be considered (*Figure 4.1.*) to ensure a prudent process.

Figure 9 Checklist for selection process

____Identify and prioritize key requirements of the job

____Develop job description

____Define salary range/compensation

____Determine reporting relationship

____Create job application (if applicable) & design interview questions

____Notify family and post job

____Review resumes and applications

____Design and complete screening/selection process based on job level (assessments, background check, drug screening, interview, reference checks)

____Evaluate candidates

Source: Ransburg, 2016, pp 104.

After assessing the candidates, the company decides which applicant will be offered the position. In this evaluation phase, different methods are used like screening resumes and application, interviewing, testing, background investigation (references), physical exam etc.

5.4. Orientation and Onboarding

Finding and contracting with the right person by the end of the selection process doesn't guarantee the newcomer will perform well and effectively. Onboarding, known as organizational socialization as well, is a critical process by which a new employee is made familiar with company's culture and values and learns the necessary knowledge, skills, and behaviours, to become effective organizational member, and overall, gets settled.
Employee orientation is a planned introduction of new employees to the organization, co-workers and their new role. It has two main aims: providing new employees with the information they need to function perfectly, and it helps in getting emotionally attached to the company. An orientation is and typically includes information on organizational overview, HR and administration procedures, work expectations and schedule, job duties and responsibilities, workplace facilities, workplace tour.

As a matter of fact, the successful recruitment-selection process ends with the new employee's job fulfilment, which means the person achieves (at least) the average level of the required job performance by the end of the probation period (general within three

months). Of course, any support (like onboarding) that helps the newcomer to achieve this performance level earlier, is advantageous and welcome.
After getting into the company the longitudinal fit is the key to a long-term employer-employee cooperation. This fit can be strengthened by planned training and development processes and cautious performance management and compensation systems. (Abraham et al., 2015)
As onboarding is a significant process for integrate the newcomer into the firm a one-year plan is presented by Ransburg (2016) in the Figure 4.2.

Figure 10 Onboarding checklist

Pre-First Day

Meet with supervisor, buddy and team members to plan first 30 days for most effective internal and external integration

Clarify roles and responsibilities for onboarding between HR, direct supervisor, co-workers, etc.

Send Welcome Package

Welcome letter from CEO (or direct supervisor)

Welcome and introduction letter from family

FB Vision, Mission, and Values

FB history

Organization chart

Sample products (if applicable)

Notify company employees and family of new hire

Organize new employee set-up (business cards, workspace, employee badge, e-mail address, intranet logon ID/password, inclusion on e-mail distribution lists, etc.)

Establish a buddy for new hire

Plan for Day 1 meetings, tours, and lunch

For family employees, clarify any additional plans such as review of family employment guidelines, assignment of family mentor

First Day

Send reminder to staff about new hire start

Introduce new hire to all staff by walking around

Meet and greet with buddy

Tour of office facilities and work space

Take new employee/leaders to lunch (buddy and/or manager and/or team)

Complete HR paperwork

Review employee handbook

First Week

Tour other facilities (e.g., manufacturing plant, if applicable)

Meet with family members and/or mentor (if applicable)

Conduct company orientation session (ideally first day, but at least by first week) (HR)

Review FB company background and history

Discuss differences between FB and non-FB (important so as not to make FB an undiscussable topic)

Deliver family business cultural integration session

First 90 Days

Conduct regular check-ins (frequency dependent on role, likely to be weekly or biweekly)

Support, coach, and provide informal feedback to new employee/leader

Reward and recognize value and contributions

Obtain feedback from new employee/leader

Introduce new employee to others via company newsletter, website news feed, etc.

90-day performance review (see below)

6 Months

120-day performance review

12 Months

Annual performance review and development plan

Reward and recognize value and contribution

One year celebration

Source: Ransburg, 2016, p. 125-126

5.5. Challenges for SMEs

Most SMEs and small family businesses are common in the low level of HRM formalization. In most cases HRM do not has infrastructure, it becomes the responsibility of the owner /manager, who are on risk to make personnel decisions due to lack of training and knowledge. (EY, 2017)

Researches proved that beside the size of SMEs the formalization of HRM is influenced by both external and internal factors. There has been found three internal factors increasing HRM formalization: the owner manager education level, the prior management experience and the owners' commitment to employees. The external influences on HRM formalization are pressures of industry regulation, competing for skilled labour and customer expectations. (Rouditser and McKeown, 2015, Cardon and Stevens, 2004 in Psychogios et al., 2016)

Psychogios et al. (2016) asked managers to evaluate HRM practices and found that standardised personnel administration, defined organisational strategies, charts of authority, policies and procedures were relatively common, but recruitment and selection procedures and job descriptions were less applied. "These findings suggest that these SMEs value a certain level of formality in terms of HRM administration, policies, procedures and authority relationships." (Psychogios et al., 2016., pp 12.) Furthermore, skills and competencies mostly well-defined and orientation program exists, but positions are not often publicly available, and there is no any training plan, and/or training budgets. Strategic HRM practices are not formalise (lack of talent management, staff development, planning and compensation). According to these outcomes it is merely explainable why talented applicants prefer well-established, large or multinational organisations with formalized HRM. (Psychogios et al., 2016)

It is also found that SMEs have made relatively limited progress towards the adoption and implementation of modern HRM practices in the last decade. (Harney and Nolan, 2014)
As recruiting the qualified employees to fill positions is a key component of organizational success, it is the greatest challenge to facing small businesses today. Still Mayson & Barrett (2006. in Hargis and Bradley, 2011) argued that recruitment and selection are even more less strategical in SMEs compering to other HRM fields, and less formalized as well.
Small enterprises have high degree of informality (Bryson, 2016). Harney and Nolan (2014) pointed out the dynamic nature of this informality – as it is a special characteristic of small firms - it is a basis for control, empowerment or accommodation, its operation can be understood solely in context.

Most SEMs prefer relying on inexpensive, convenient recruitment tools, directly controlled by the employer. At the same time, the results indicate that the not necessarily the most skilled and qualified applicants are attracted by this practice. (Hargis and Bradley, 2011)
According to Suchman (1995. in Williamson at al. 2002) there are two areas where lack of information exists about a prospective employer, and they are significantly responsible for difficulties in recruitment. The one is the organizational knowledge, that refers to what job seekers know about an employer, the other is the "organizational legitimacy, that refers to job seekers' perceptions or assumptions that an organization is a desirable, proper, and appropriate employer, given the system of norms, values, and beliefs within an industry". (Williamson, 2002, pp85.) Accordingly, SMEs are less likely to be perceived as desirable, proper or appropriate employers. (Lewis and Coetzer, 2009)
As smaller business has less visibility in the labour market, creating brand-marketing strategy and building a strong employer brand can solve the first (knowledge) problem. To solve the legitimacy problem, Williamson suggests creating recruitment practices and making efforts to establish HRM policies and develop relationship to colleges, universities, and professional associations, or advertising accreditations or partnerships with well-known/prominent organizations. (Williamson, 2002)
Beside the knowledge and legitimacy issues there is one more reason in finding suitable applicants for SMEs: the specific requirements (merely multiple tusks, must be being more generalist, flexibility, more change etc.). (Williamson, 2002)
Not just the person job fit, but in this case the fit to the organizational values, beliefs, supervisor, environment plays an even stronger role in success of employment. The hiring decisions in any business involve significant implications for the business, as well as for the social environment within it operates. (Vozikis, 2013)
Lewis and Coetzer (2009) emphasizes the size of the firm as influencing the methods of recruitment and selection. They summarize that the „word of mouth" is the main source

of recruitment in SMEs, and CV check, informal interviews, work samples and work trials were the most preferred in selection. As the company's size increases the more resources (employment agencies, newspaper advertising etc.) and sophisticated assessments (testing, reference check, other validated selection methods etc.) are used.
Wyatt at al. (2010) presents a validation process of a selection tool (job analyses, determining appropriate criterion measures, designing and validating suitable selection tool), and demonstrates that using validated work samples tool ensuring that in the selection process the firm operates fairly (legally defended as well) and the competencies of the applicant is identified objectively, and the hiring decision is less risky.
The valid selection procedure helps to evaluate the job/firm relevant competencies that ensure the later performance and create a competitive advantage. (Hargis and Bradley, 2011)
According to research results there are two easily applicable tools creating a more effective recruitment and selection process: using structured (rather than informal, unstructured) interview, which collects job relevant data, and having the same data about each applicant helps in comparing them; using realistic preview of the job (based on job-analysis) during the interview, it helps the applicant to imagine the job and help estimate the fit individually. (Hargis and Bradley, 2011)

5.6. Challenges in family business

In SMEs, the emerging challenging issues are fairly the same: attracting and retaining talents. But comparing family businesses to SMEs there is a significant difference in professional HRM practices. It was found in de Kok and co-workers' (2006) study that family firms use even less professional HRM practices than SMEs do.
According to Ransburg (2016) it is suggested that the significance of recruitment, selection and onboarding are even higher in family businesses than in other firms, because of some specifics. In these processes both aspects, business and family, inside and outside of the family must be considered. Family members are always potential employees, who are in many cases exposed to the business from the childhood, but it must also keep in mind to prevent them fulfilling a job without personal passion. The result is disadvantageous on both sides.
The culture and values are rooted in the common family background and the personal identification with these issues are more relevant, the need for fit is obvious. The low level of investment (time, effort, money etc.) into recruitment, selection, onboarding processes can cause a high level of risk not just in performance issues but also in family relations and trust. (Ransburg, 2016)
The reason for significant failure in hiring is rooted in the influencing family values and personality traits that overwrite the objective performance measures (Welsh & Klandt, 1997 in Vozikis, 2013). Moreover, there is a conflict between competencies and family relations. Lansberg (1983 in Bryson, 2016) emphasises the phenomenon that family need can really overwrite the business need, and let incompetent individuals into the company can make business risky trough decreasing the level of effectiveness. A further study emphasises two conflicting factors of "trust versus core competency". The higher the hired

position is the more the trust (against professional competencies) is important in the decision-making process. (Sieger et al., 2013.) Barach at al. (1988) found this same paradox, the family members of the firm are against the business interest in many cases. A family business speciality is that family values and culture play a huge role in the decision-making process, especially in the hiring process, and complicates human resource issues.

Vozikis (2013) study about the connection between family cohesion and the hiring preferences proved the influence of cohesion to the selection criteria. The higher level of family cohesion exists, identified as harmony, the more it may contribute to a failure - hiring a less prepared family member instead of a well-experienced non-member – in the hiring decision process.

In family business, there is particularly difficult attracting and retaining non-family senior management, because of the belief that top jobs should be fulfilled by family members instead of skills and qualifications. Due to this issue both recruitment and retention (development, carrier planning, succession etc.) processes are concerned. (EY, 2017)

Both family and nonfamily candidate pools are used generally, but applicants from the family must be handled distinctly, because of their long-term connection to the firm and to the family, not just in the past, but also in the future. It is a human resource management issue to integrate family and outside talent fruitfully. The deep understanding of business-family needs and ensuring fairness both outer and family member applicants are the key elements to later satisfaction, justice and loyalty in family firms.

As selection is decisively informal, it is strongly recommended being systematic - including clarity on the job description, assess candidate fit, clear process for making hiring decision, negotiating terms of hire, planned process for introducing new hires - to ensure choosing the best candidates for the vacancy. (Ransburg, 2016)

Furthermore, it is suggested to separate clearly the ownership and management perspective of this issue (Lansberg, 1983 in Bryson, 2016). From the management perspective, the same selection criteria must be used both for family and non-family applicants, from the ownership perspective it is particularly important to let the family members in, but stand principles before employment (formal education, previous work experiences in other firms, trainings etc.), to make sure they have the required competencies. (Bryson, 2016)

According to Ransburg's (2016) approach, onboarding is an integration process, which is even more important for the family-member newcomers. It rises such questions like relations to family members afterwards joining to the company, information sharing within the workplace, responsibility of representation of the organizational/family culture and values. etc. Family employees have to understand their specific position in business firm. The more these mentioned issues are handled consciously and consistently the more clarity, transparency and self-confidence arise. Consequently, inner conflicts, feelings about unfair treatment or inequity are avoidable.

The Case of Small Grocery highlights some HRM characteristics of SMEs, and after discussing the given questions, the dilemmas, and specific decision-making points are outlined.

Case study: Case of Small Grocery

Summary: A small specialty grocery store, fits the stereotype of the typical small firm. The degree of formalization of HRM practices is limited. The CEO reports that he provides periodic performance feedback, but recruitment remains informal - within the immediate circle of family and friends. Moreover, training and development is not carried out and team building consists of an annual outing with employees.

More details:

Sector	Food
Size (No. of employees)	10
Large firm associate	None
Collective Labour Agreement?	Yes
Growth orientation	Stable
HRM planning	No information
HRM recruitment	Recruit friends and family. Informal. Tried newspapers once but failed.
Selection	Employee profile must match customer profile--not too young or old.
Performance appraisal	Performance feedback 4x a year.
Compensation/benefits	No information
Training & development	Not important so not offered.
Job descriptions	No information
Team building	Once a year company trip
Other comments	An upscale “fresh market”.

Questions:

What are the strengths and weaknesses of these HRM practices?

What kind of risks could you identify in the recruitment and selection process?

In what circumstances would be hard to retain the employees in this firm?

What solutions would you suggest for recruitment and selection?

Source: based on de Kok, 2003. p. 42-49.

UNIT 6: Performance appraisal and reward management in family firms

6.1. Introduction

Managing people's performance at a company is at heart of all HR-related activities. It includes various activities such as understanding employees' motivation, evaluate their performance, finding the proper incentives to achieve desired behaviour and distribute rewards effectively. Family business owners and leaders have to face several dilemmas while managing employees' performance. He/she has to ensure fairness in performance appraisal and reward management, avoid double standards in order to balance between family interest and business goals, attracting and preserving highly skilled labour and to face the challenges following market turbulences or company growth and expansion, among others. Without being exhaustive, this chapter provides an overview about the most important aspects of human motivation and commitment by linking them to the organisational performances and reward management. After presenting these issues in general, we will reflect on the specificities of family firms, as well. As concerning to performance appraisal and reward management both harder tools and softer motivational approaches will be discussed.

6.2. Motivation, commitment and engagement

Motivation is the driving force behind all human activities. At the workplaces, high performance can only be achieved with highly motivated people, therefore effective workplace leaders have to be aware of the factors that influence people's behaviour in a certain direction. Motivating employees successfully is, however, far from being an easy task. The challenges for a business leader range from creating coherence and consistency between the individual motivations and organisational goals, finding the right tools and incentives to achieve the desired behaviour and performance. It has to be taken into account that individual motivations are in most cases very diverse and, contrary to the widely shared beliefs, organisational goals are often unclear and confused or at least hardly identifiable to the employees, while due to the rapid external changes, committed high performers are important prerequisite of effective adaptation. In order support the reader to become a successful motivator, this part aims at exploring the different types of motivation and commitment, presenting the most relevant theoretical approaches and evaluating them. There are three basic types of motivation that will be presented below in detail.

The first type of motivation is called extrinsic motivation in the literature. These types of motivation may also be referred as 'instrumental' or 'external' motivation as it concerns the process of acquiring and preserving external resources, in other word to collect rewards and avoid punishments. In the workplaces these include rewards, payments, bonuses, praise, promotion, etc. This type of motivation comes from outside the individual. Negative motivators, such as different forms of sanctions, criticism and other disciplinary tools also belong here.

On the contrary, intrinsic motivation comes from inside the individual. In this case, there are no external motivators, the 'reward' of a certain action or behaviour is the action or behaviour itself. In other words, individuals engage in tasks because they are interesting and delightful to them. Lindberg (2001) divides intrinsic motivation into normative and hedonistic motivation. Normative intrinsic motivation derives from the individual's compliance with personal and social (organisational) norms and values, and the identification with certain social groups. Hedonistic intrinsic, in a broad sense, concerns all pleasant and enjoyable activities contributing to the individuals' physical, psychological and social well-being. There is, however, a third type of motivation that mainly stands out of focus, albeit it also contributes to the explanation of the individuals' behaviours and actions. The eudaimonic motivation refers to the ultimate perfectives of human existence, including such issues like the possibility to self-actualisation, the development of the 'true self', deep commitment to important ideas or the pleasure gained from the stability of long-term human connections. In the workplaces it can be associated with development of professional identity, moral competence, realisation of individual potentials in carrier-building or attaching to general human values, like wisdom, generosity or gratitude. (Deci 1976, Lindenberg 2001, Lam – Lambermont-Ford 2010)

The classification of the different types of motivation is very useful for both analytical and practical purposes but, as individual motivations are very diverse, the three types are present at the same time. It is worth presenting the basic theoretical approaches to motivation as they can help to understand the dynamic relations between the different. The literature makes a distinction between the *instrumental*, *content* and *process* theories of motivation. Instrumental theory emphasises that reward and punishment are the best tools to influence human behaviour. This approach is strongly linked to extrinsic motivation, underlines the importance of formal (external) control and neglects the relevance of informal relations and internal human needs (Armstrong – Taylor 2014).
Content theories, on the contrary, take the diversity of human motivation largely into account. Their assumption is, that basic human needs should be satisfied, otherwise individuals will frustrated that may lead to destructive behavioural actions. One of the most important contributions of the content theories is Herzberg's two-factor model that highlights the relevance of distinguishing extrinsic and intrinsic motivation. Examining the work environment of accountants and engineers, Herzberg identified two motivation factors accounting for job satisfaction at the workplaces (Herzberg 1966). *Motivating* factors lead to positive motivation and job satisfaction. *Hygiene* factors, on the contrary, do not result in job satisfaction and higher motivation, but their absence cause dissatisfaction.

Typical motivating factors are:

- Personal growth
- Achievement
- Respect and recognition
- Social responsibility
- Interest and joy in the job
- Involvement in decision making
- Doing something meaningful
- Sense of being important

Typical hygiene factors are:

- Physical and social working conditions
- Salary and compensation
- Job security and carrier prospects
- Vacations
- Reputation of the workplace as an organisation
- Organisational policies
- Quality of supervision and control

Motivating factors are linked to *job content* as they cover such work-related factors like the internal need for personal development and advancement, individual responsibility or autonomy at work. They are strongly related to intrinsic motivation and can drive people to perform in a high quality and enjoy their work. Hygiene factors, on the contrary, account for avoiding employees' discontent. They are related to job context and identical to extrinsic motivation. It is worth noting that financial tools can act as hygiene factor as well as motivator, according to the context. In the former case salary only represent 'buying power', while it also can have a symbolic meaning in the latter (Daft 2003).

A third intellectual stream aiming to create a coherent theoretical approach to motivation are the process theories (Skinner 1951, Vroom 1964). These theoretical contributions intend to provide an explanation how mental and cognitive processes shape motivation, focusing on the way how individual perceive their work environments, how they interpret it and react to that. Without being exhaustive, we present here the expectancy theory that represents very convincingly the logic of the process approaches. The strength of the process theories is that they link motivation and performance directly. The expectancy theory differentiates between the effort (driven by motivation), the performance and the outcome. According to the theory, motivation will be high when employees are aware of what they have to do in order to achieve a reward, expecting that they are able to get the reward and that the reward is valuable to them. High motivation occurs only when people perceive a clear and usable relation between performance and outcome (Vroom 1964). This notion clearly highlights why financial incentives are effective only when the link between the efforts and rewards are clear and unequivocal, and why in many cases intrinsic motivators are more appropriate than extrinsic ones.

Summarizing the motivation theories, all of them presented above largely contribute to make a better understanding of the various aspects of human motivation. Instrumental theory provides a powerful explanation of how financial and other extrinsic incentives effect motivation and performance, but is limited when it comes real human needs beyond external control. It work properly under Taylorist work settings with restricted employee autonomy, but content theories provide more sophisticated view on motivation when the labour process and the employees' competencies are more complex. Especially Herzberg's contribution is important as he highlights that unsatisfied needs may lead to inequilibrium in motivation and work performance and also calls attention to the importance of job design. Despite the well-established and convincing theoretical explanations it, however, seems so, that money is still one of the most powerful motivators as it work as a highly tangible means of recognition (Armstrong – Taylor 2014). The main advantage of process theories is that they emphasises the importance of job satisfaction and workplace well-being.

6.3. Performance management

Performance management comprises all activities aiming at measuring, controlling, evaluating and motivating employees' performances. The core component of performance management in modern organisations is control. The main function of organisational/managerial control is to ensure employee behaviours to be adequate to organisational goals. Control contains all means and processes that are available to the management for influencing working conditions with the aim to regulate employees' autonomy in work, but all processes monitoring and assessing individuals' performances and behaviours belong also here, along with all forms of motivation, including rewards and sanctions, as well.

There are different approaches in the literature to classify the various types of control. The most appropriate distinction is made between formal and informal control. Formal control is based on preliminary defined objectives, rules and standards, while informal control is more flexible and concerns to ad-hoc requirements. An alternative approach distinguishes direct and indirect control (Hutzschenreuter 2009). The former refers to situation where it is possible to directly observe the employees' behaviour and/or performance, while in case of the latter control takes place indirectly, mainly through intermediaries like organisational culture, for instance.

A further classification is possible based on the content of control. It is worth to make a distinction between behaviour control, output control and input control, in this respect (Ouchi 1979, Eisenhardt 1985, Felstead et al 2003). Behaviour control means that the task execution is verified by the supervisor or the employees' behaviours are controlled by direct observation. In case of output control certain objectives are preliminary defined and assigned and employees are autonomous in choosing the proper means to reach the goals. When input control occurs, managers define knowledge, skills, competencies and abilities as criteria to perform a task or a job and a basis for employee selection.

Depending on the person exercising control we may identify clan or social control, peer control and self-control (Abernethy – Stoelwinder 1995, Louchry 2010, Chua et al 2012). Clan or social control is based on sharing values, norms and beliefs within a team or an organisation. The task of the management is to establish structural, cognitive and social connections among members and ensure, mainly through rituals and commemorations, the sharing of principles, norms and values. In case of peer control the monitoring of performances is delegated to the employees by exercising mutual control over their peers. Self-control refers to situations where employees monitor and evaluate their own performance, mainly in case of creative and highly intellectual jobs.

A further approach differentiates three basic types of control, depending on the major technical characteristics of control mechanisms.

Traditional control: It usually takes place when working activities and conditions are permanently changing and performances depend mainly on individual or collective skills and competencies of employees. Control in this case is permanent and direct.

Technical control: In this case factors influencing the employees' behaviours are built in into the technical conditions of the labour process (e.g. conveyor belt). As work tasks are part of a larger technological system, where the performance indicators are defined by functional units working separately form the execution level (shop floor), the autonomy of the employees in organising and controlling work tasks is limited. Control is mainly direct and based numeric targets.

Bureaucratic control: In case of bureaucratic control social relations around the labour process are monitored and regulated. Mainly the formal characteristics of labour process is measured including the expected behaviours, in many cases even outside the boundaries of the workplace. Following the rules is highly appreciated and rewarded.

The last classification is based on the source of power of the persons exercising control within a specific organisation. From this point of view, there is normative control, coercive control and utilitarian control. In case of normative power, the management exercises control through allocation of intrinsic rewards, such as interesting and meaningful work, identification with goals, etc. The source of the management's power in this case is its ability to manipulate and allocate symbolic rewards, define and influence rituals and determine the distribution of rules and criteria of compliance and positive evaluation within the organisation. Coercive power rests on force and use the fear of the lower-level participants to control them. Utilitarian control is based on the application of remuneration and extrinsic rewards, such as salaries, bonuses, merit pay, fringe benefits, advanced working conditions and job security (Etzioni 1997).

6.4. Performance appraisal

Employee performance appraisal is one of the most sensitive issues (or probably the most sensitive one) of human resource management. It harbours numerous potential conflicts, may involve direct existential consequences and, in an indirect way, may greatly shape performance at the company level. Despite these facts, on numerous occasions managers do not pay close attention to setting and consistently applying systematic performance assessment principles and practices in the scope of their activities. The basic question of any performance assessment is how the parties concerned define 'performance'. In addition to that, the method, frequency, the level of formalities, the individual or collective nature of assessment, as well as the assessor's person are all crucial. These points are outlined below.

6.4.1. The object of performance assessment

As it has been mentioned, the fundamental question centres around the definition of performance, that is, what exactly the assessor assesses when performance appraisal takes place. Although this question might seem simple, it involves several challenges. In a basic situation, performance assessment is based on the performance of completed jobs assessed with respect to established and pertaining quality or quantity criteria. However, the real picture is much more complex, especially in the field of white-collar, intellectual jobs, in the sector of service provision or in bureaucratic organisations, where objectives are harder to define and assess, and where personal attributes (such as kindness, customer focus, etc.) or certain behaviours are also evaluated in the scope of the assessment process. In these cases, performance is assessed with a view to conformity to the explicit or implicit specifications of the values held by the organisation. In practice, the above-mentioned aspects often mix in performance assessment.

6.4.2. The method of performance assessment

Performance assessment may be carried out based on approaches using qualitative or quantitative criteria. In the former case, usually there is some kind of vague (written or verbal) evaluation the criteria of which are either not defined at all or are not clearly set. Although such assessments provide both the assessor and the employee with flexibility, they pose the threat of subjectivity and inconsistency, and do not allow for making comparisons.

These kinds of assessment are widely used under the (inaccurate) assumption that they do not require any preparation for completing the performance assessment. In quantitative assessment cycles, assessors compare employee performance to some measurable and previously defined requirements. An example of this is when performance criteria or competence profiles are established in relation to a scope of activity and employee performance is assessed on the basis of these criteria and profiles. Various electronic monitoring systems that provide information about performance are also categorised in this group. In fact, these assessments are easy to record and visualize for those involved in the process. Furthermore, these methods provide more objective pictures of the performance in question, but it must be borne in mind that they mainly focus on formal and measurable elements, and for this reason many of the potential performance components are disregarded.

6.4.3. The assessor

The assessor as a person is crucial to effective performance assessment. The entire assessment process may be questionable if the assessor fails to possess exact and comprehensive information on the assessed employee's scope of work, job-related tasks and/or expected behaviours. In the vast majority of cases, performance assessment is carried out by the employee's immediate superior although there are other solutions offering more complex and objective assessments.

Assessment carried out by the immediate superior can be effective in situations where the superior has access to all information necessary for executing the assessment process as well as on condition his or her performance does not depend directly on the assessed employee's performance and if no personal factors distort objectivity (e.g. professional rivalry, conflict over control or power, etc.). Colleagues' assessment (peer opinion) may be more objective than supervisor-only evaluation; however, the aforementioned problems cannot be completely eliminated in this process, either.

A further alternative is self-assessment, whose undoubted benefit is that this method provides opportunities for both reviewing and analysing one's own performance and for facing one's shortcomings. The advantage of the self-assessment method is that it is actually the assessed individual who possess the most extensive information about his or her own activity and the factors influencing his or her performance. Still, in this case, objectivity is hard to attain, which presents an obvious drawback.

In the case of those fields where the employee's work involves co-operating with other external stakeholders and players (customers, clients, etc.) while executing his or her work, the information collected from such stakeholders and players can also be incorporated in performance assessment. The 360-degree performance appraisal method provides the most complex and comprehensive form of assessment. By way of using this method, all the aforementioned stakeholders carry out evaluations, thereby providing the person assessed with the chance of receiving feedback on how he or she and his or her performance are seen by others, and similar feedback is provided concerning what strengths and weaknesses have been identified with respect to the person assessed. The disadvantage of this method is that it is time-consuming and requires a lot of administration. This form of assessment can be used effectively, first and foremost, for setting development aims and for evaluating such aims.

6.4.4. Feedback

Probably the most important element of performance assessment is that the employee should receive adequate feedback following evaluation. In most cases, feedback is provided verbally during a discussion. Feedback can be given through one-way communication, during which the supervisor informs the employee about the results of the assessment, addresses the employee's potential shortcomings and convinces the employee of the need to change and highlights its various methods.

On the other hand, feedback can also be based on a dialogue. This enables the employee to reflect on the results, in this scenario the supervisor and the employee can jointly agree on objectives in areas where improvement is necessary. In order to conduct a motivating dialogue and avoid negative feelings (which may have negative impact on future performance), it is well worth bearing in mind some fundamental, mainly communication-related, aspects. Feedback should be based on factual and objective data. Criticism is to be delivered in a clear, concise and constructive way avoiding general statements (such as ones including 'always', 'all the time', 'never').

Provided the employee is allowed to take an active part in the feedback session, efforts must be made to achieve a real dialogue not merely a formal one. At this stage, it may be useful to leave the traditional framework of organisational communication and cooperation behind. The cooperative performance assessment cycle can only be successful if the parties involved in the process participate in their capacity as free and equal partners. In this setting, mutuality can be reached only by showing openness and receptiveness to understanding each other as well as through willingness to reconsider and review one's own standpoint.

This desired attitude may be problematic to develop and sustain if power asymmetry exists between the assessor and the person assessed. In this case, the 'stronger and more powerful side' shoulders the larger burden as this party will have to accept the fact that employees who are at lower levels in the organisation's hierarchy have to be treated as equal partners and should be provided with equal opportunities to participate in the assessment process.

6.4.5. Problems related to performance assessment

Based on the above, it may have become apparent by now that performance assessment is one of the most sensitive issues of human resource management and its malfunction can have negative consequences on performance both at the level of the individual and that of the organisation. Henceforth, we shall consider some of those problems that often occur in performance assessment processes and decrease its effectiveness and efficiency. A common problem is when the objective of performance assessment is not sufficiently clear and if it is not explicit whether the results of the assessment are interpreted as the input for compensation, motivation or improvement. Unclear goals tend to lead to scenarios where inadequate methods or tools are used for performance assessment and evaluation.

A typical case of this is when the assessed person has no influence on those significant factors that shape and surface in the evaluation criteria. Another problem is when a process has no owner, i.e., it is unclear who, and to what extent is responsible for the framework and the ensuing consequences. In the case of performance assessment methods exhibiting proper employee involvement and agreed objective-setting processes, there is higher chance that the parties concerned will feel committed to the process in question and its objectives. Commitment can be enhanced when the reviewer's comments centre around the issue of 'what' and not 'how': in other words, when the reviewer focuses on objective, identifiable and attainable goals rather than on the way the assessed person has reached the given performance level. This provides the employee with room to act and to make autonomous decisions (Torrington et al 2008).

The literature emphasises that the aim of performance assessment is to harmonise individual behaviours and performances with the goals of the organisation. The content of this statement implicitly assumes the existence of well-defined, unambiguous and coherent goals. However, the existence of such goals is not always self-evident and, very similarly, the compatibility of individual and company interests and goals may also be questionable. It is partly due to this pitfall if performance and/or assessment criteria are unclear. In such cases, performance assessment becomes counterproductive and instead of offering some incentive, it becomes demotivating or contributes to long-term underperformance. In addition, a hostile personal relationship between the reviewer and the employee as well as the lack of feedback or interview follow-up may also constitute a further source of performance assessment related tensions and conflicts.

6.5. Compensation/Reward management

Compensation, which involves the provision of material and in-kind type benefits to employees as a reward for their work, is essential for the following purposes: operating organisations, boosting employee performance, enhancing job satisfaction and commitment as well as securing recruitment. It is worth distinguishing the concept of remuneration within the above broad category: remuneration means all the financial and other financial-type rewards provided in exchange for employment in the form of salaries, bonuses, financial incentives and services. Making this distinction is important as we are prone to associate compensation with financial incentives, whilst the management has several symbolic, non-material resources to improve employee performance, too. Among the latter ones we can mention working time-related benefits, the support of learning and participating in further training and development-purpose courses, and also symbolic rewards and acknowledgements that do not entail any direct financial benefits.
A compensation scheme can be laid out in relation to one's job or one's personality (traits) depending on the items rewarded by the very scheme. In the former case, remuneration is defined through the relative value of the job in question based on exact comparisons or simple estimations of the organisation's full range of jobs. In the latter case, i.e. when personalities are acknowledged, the compensation scheme rewards the employees' certain qualities, features and attributes. This kind of remuneration can be based on the acknowledgement of merits, competencies, required behaviours or above-average, outstanding performance (Armstrong – Taylor 2014).

When planning and establishing effective compensation and remuneration schemes, three basic principles should be borne in mind:

- The scheme must be attractive and facilitate employee retention;
- It must encourage performance;
- It must meet the pertaining legal regulations.

Above all these, the importance of another aspect should also be underlined: namely the *fairness* and *equity* of such schemes. One of the greatest challenges faced by any management is to remain competitive and to concurrently establish a fair compensation scheme. The management should not disregard the fact when salaries and other remunerations are defined, their employees do not exist in a 'vacuum': employees tend to compare their performance and the compensations they receive to those of others. Fairness heavily depends on the diversity of the points of references applied in the scope of the scheme. On the basis of Dessler (2013), it is expedient to differentiate between four basic forms of fairness/equity:

Internal equity: it refers to how fair a job's pay rate is when compared to other jobs within the same organisation.

External equity: it refers to how a job's pay rate in one company compares to the job's pay rate in other companies.

Individual equity: it refers to the fairness of an individual's pay as compared with what his or her co-workers earn for the same or very similar jobs within the organisation, based on each individual's performance.

Procedural equity: it refers to the perceived fairness of the processes and procedures used to make decisions regarding the allocation of pay.

In order to establish sustainable, long-term compensation schemes, and for the purpose of avoiding or minimising the chance of internal conflicts, the management should, from time to time, make efforts to review employees' job-satisfaction in terms of pay rates and other elements of compensation considering all of the above-described four aspects of fairness/equity.

6.6. Specific aspects pertaining to family businesses

When trying to capture the specificities of family businesses several issues may have to be taken into account. One of the most important aspects is the management of the relationship between family and business. Both family and business are complex social systems with different logics, values and interests that can overlap each other and can also be in conflict. Ward (1987) makes a distinction between four basic models concerning the variations of family and business orientations in family firms. 'Family first' enterprises prefer family goals, 'business first' enterprises favour business, 'family business' enterprises seek a balance between the two and 'floating enterprises' focus neither on family nor business issues. According to empirical evidence the family firms that perform outstandingly in the long run are those that perform well in both the two dimensions (Sharma et al 2013).

The embeddedness of family owners in the family affairs strongly influences their family- or business-orientation: the more family-owners are entrenched in with their family, the more family-oriented their motivations will be (Miller – Le-Breton-Miller 2014). It is especially true in the case when the family business is a relatively closed system; there is a lack of external perspectives (e.g. few externally recruited managers or a lack of experience of family members outside the business). On the other hand, however, this closeness may have advantages for the family business by ensuring that cultural synergies exist within families (Dalpiaz et al. 2014). In the case of family firms two overlapping sub-systems should be balanced. Family goals, such as emotional stability, harmony, reputation, etc. run parallel with business-related goals, like survival, growth or profitability (Sharma et al. 2013). Family firms follow different strategies in seeking a balance between these dimensions. The first issue that we will discuss in more detail is therefore the management of family and business relations, focusing on involvement of family and non-family members, governance and management.

Due to the dual nature of requirements and expectations associated with compensation schemes, a part of the problems that are related to incentives, performance assessment and compensation is of structural nature in the case of family businesses, i.e. the problems are independent of the owners' or managers' personal motives. The first and foremost problem is that the exchange of resources and wealth takes place in different ways in the case of family and non-family firms. Non-family businesses operate along market logic: the price of goods (in this case the value of employees' work) is determined directly and this provides the basis for exchange; furthermore, this exchange concerns the job completed and its direct compensation.

On the other hand, within families the basis of exchange is not the financial value of resources. Instead, in this context, the basic principle is determined by affective factors such as the desire for satisfying family members' emotional needs and providing them with long-term well-being. In reciprocity-based family interactions, as opposed to business transactions, the gesture of giving does not need to be reciprocated immediately or in the short-term, and the value of exchanged goods cannot be determined easily, either. This basic difference challenges management when they are to assess performance and determine compensation.

In the scope of assessing family members' performance, several structural factors appear that hamper objective evaluation. Family members' positions in a family are defined by 'who' they are, i.e. how strong their emotional bond is to the family. On the other hand, a non-family member is viewed on the basis of 'what' he or she does. In business relationships, performance assessment is executed by evaluating employee contribution to achieving company objectives; in other words, employees are assessed on the basis of their productivity, which is hardly compatible with the emotion-based logic of family ties. The management or the assessor faces difficulties when reviewing family businesses because it is very hard to find the proper balance between the two diverse systems of requirements (family versus work-related values). In practice, this may lead to double standards that not only ruin the company's internal social relationships but also contribute towards a decline in performance. For example, when a family member's performance is assessed by a non-family member, the reviewer – driven by a desire to meet expectations or to avoid conflicts – may opt for concealing the shortcomings, underperformance or potential lack of competencies of the evaluated family member (Lansberg 1983).

It is likewise not easy to deal with inconsistencies in relation to motivation and compensation. The fundamental issue is the differing definition of fairness and equity in families and companies. The norm of fairness and equity between parents and their children is constituted by the satisfaction of the descendants' *needs*, while between siblings, fairness and equity can be reached by realising *equality*. In contrast, at work, *merit* is the basis of fairness and equity; in other words, it is functional factors that determine the distribution of wealth. In fact, it is a challenging task to adhere to and to realise the above-mentioned principles in a consistent way. Indeed, nepotism often surfaces in situations when efforts are made to concurrently implement fairness and equity aspects of both the family and the business: in this case the principle of performance-based fairness and equity is infringed and replaced by a system of privileges.

Constituting the other extremity, another ill solution to overcoming this dilemma is the situation when family members are under-rewarded in order to avoid even the suspicion of applying a double standard. The ideology behind this practice is often phrased by claiming that family members hold extra responsibility for the business, which has to manifest also in their surplus performance. This solution often leads to adverse selection as competent and underpaid family employees are driven to seek employment elsewhere.

It is hard to deal with difficulties originating from the lack of ambiguous principles of compensation, and it is possible that the above dilemmas cannot be fully confronted and solved. One of the potential solutions to the above dilemmas lies in separating the roles of ownership and management. This does not only mean a practical step, but also – and much more – a distinctive approach that facilitates the concurrent implementation of conflicting principles.

Another option is to publicly acknowledge family employees' performance thereby ensuring their legitimacy in the eyes of non-family employees. There are two options to achieve this. This can either take place gradually, when family members start in a low position at the company and go through an internal career and learning process. The other way is when family members immediately start in a management position, but this only works if they start their professional education and/or career outside the family business and collect the relevant professional and/or managerial experiences that legitimate their stand. It can take place gradually when family members have to start in a low position at the company and go through an internal career and learning process. The other way is, when the family members immediately starts in a leading position, but it only works, if they start their professional education and/or working life outside the family business and collect the relevant professional and/or managerial experiences that legitimate their stand.

UNIT 7: Training and development in SME-s and in family businesses

7.1. Introduction

In the past 20 years human resource development (HRD) has been one of the most focused-on, complex and researched areas of HRM (Nolan and Garavan, 2015). This (growing) attention is partly due to the (bit of a commonplace) recognition that the source of efficiency and a sustainable, competitive edge in knowledge-based economies lies in the training and development of people. On the other hand, more and more researchers and experts emphasize the influence workforce development exerts on employee commitment, motivation, employee branding and organizational culture including the complex network of all of these phenomena.

However, the basic issue for practically-minded experts remains the same: how can the various forms and levels of training and development, with all the processes of individual and organisational learning actually relate to the performance, survival or fall of a company? Similarly, how and in what specific areas should a given company train and develop its employees and develop the organisation itself? Of course, it is also important to examine the same issue in terms of specific industries, national or even global economies i.e. how corporate strategy, attitudes or characteristic practices (or the lack of them) may influence the performance and future of a given industry and the prospects of a national or global economy.

Traditionally HRM literature examines the issue of training and development in the case of large, generally multinational corporations. Attempts are made to present general or industry-specific tendencies or even good practices (it may also involve highlighting deficiencies and areas for future development). Paradoxically, in the literature usually those big corporations are considered "typical" which, in practice are small part of all companies – so are atypical (Iles and Yollas, 2004). Similarly to other HR subsystems, the issue of HRD may differ from that of large corporations if we consider small and medium-size enterprises and family businesses. In the introduction we have already referred to the characteristic features of HR practice at these companies. The owner's/ manager's world-view, attitude to people and mission statement (if he/she has one) is an important factor behind nearly all HR system operations. Yet, it must be stressed that in the specific case of training and development, the philosophical background, the system of values or the attitude to knowledge and learning (learning orientation) on the part of the leadership will have a fundamental and decisive importance in the management of the company.

The present chapter is based on the following logic: first a brief summary is given of the basic concepts of training and development independent from the corporate size, structure with some relevant models and trends. Second, we discuss the special features of training and development in SME-s, finally we show some family business HRD characteristics.

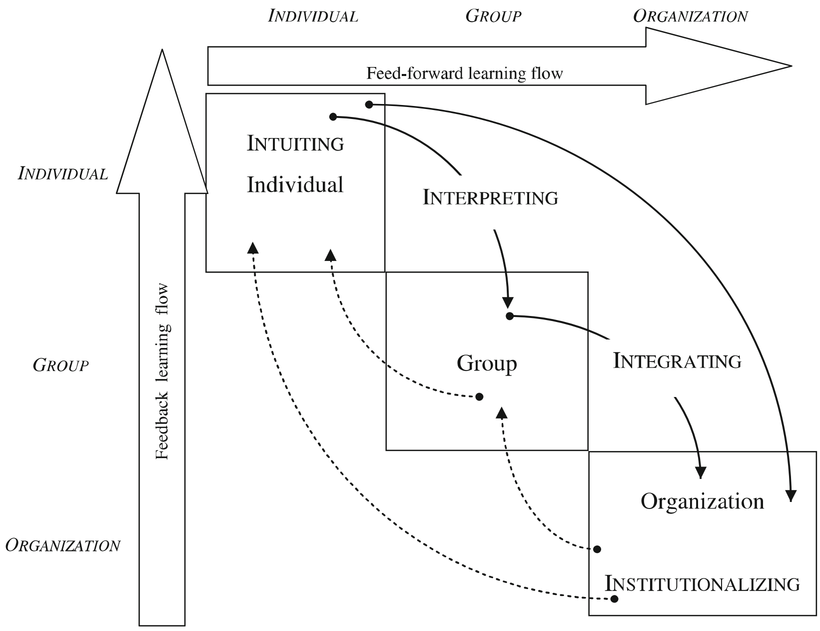
7.2. Basic concepts of HRD

Learning is a process when the individual acquires or develops new knowledge, skills, abilities, competence or behaviour, or further develops existing knowledge, skills, etc. (Armstrong, 2009). We can speak about genuine learning, when personal experiences result in a relatively constant change in behaviour. According to Honey and Mumford (2002) we can talk about learning when the individual acquires knowledge (s)he has not possessed before or the individual is able to do something (s)he has not been able to do before.

Learning process itself has a number of theories, which are reflected in corporate practice as well. According to behaviorism (e.g. Pavlov's conditioning theory or Skinner's operative conditioning theory) 'learning' takes place, when a response is given to an impulse, which leads to a change in behaviour as an outcome, which can be altered by affirmation or punishment. This kind of learning process appears in several workplace situations, e.g. setting bonuses, payment deduction for latecomers or following instructions at work safety sessions. Associative learning means observing, copying and modelling other people's successful forms of behaviour – this kind of learning process can also be seen at workplaces where we can learn a lot from colleagues even in informal situations. According to cognitive learning theories, an intelligent human being is able to make cognitive interpretations of several aspects of the outside world and on the basis of these cognitive patterns (s)he makes logical steps. In the learning process we use cognitive 'maps' formed by our experiences, beliefs, language, values and hypotheses. These maps may be redrawn or at times it may even require the changing of beliefs (Bakacsi, 2015). Closely related to this theory, it is important to mention Argyris' single and double loop learning theory. Single loop learning means that the individual encounters an undesirable outcome, changes behaviour, but leaves the factors that produced the negative outcome intact. Double loop learning on the other hand means that the individual first checks and changes those factors that led to the negative outcome and then changes behaviour accordingly.

Organizational learning is based on individual learning: the key factor here is whether the individual is able to share, integrate and exploit his/her own knowledge by using knowledge-sharing systems and integrate it into organizational knowledge (Lionzo and Rossignoli, 2013). Crossan et al.'s 4I model shows the process of organizational learning. According to the model individual knowledge becomes group or organisational knowledge in four steps: intuition, interpretation integration and institutionalization. Intuition and interpretation are done at individual level, interpretation and integration are done at group level while integration and institutionalization are done at organizational level. Intuition is an individual recognition of an idea, a pattern or a possibility. Interpretation means the individual or group-level exploitation of this possibility, which subsequently is transformed into shared action (integration) and finally it becomes operational at organizational level (Crossan et al 1999).

Figure 11 4I model



Source: Lionzo and Rossignoli, 2013, p. 589

The objective of organizational learning may be the exploitation of available knowledge, the improvement of current practices, processes and routines or the exploration of future development opportunities and potential innovations (Pett and Wolff, 2011). Absorptive capacity shows the effectiveness and success of an organization to use external knowledge and that of its members for implementing innovations (Bratton-Gold, 2012).

Knowledge-sharing is often hindered by the fact that knowledge, as such, is far from homogeneous. On the basis of Polányi (1967) one may refer to knowledge as explicit and tacit. Explicit (knowing-what or pure) knowledge is recordable, comprehensible and communicable and can be passed on in the form of books, instructions, manuals, protocols and a set of examples (Bokor, 2014, Chirico, 2008). We talk about tacit (knowing-how) knowledge when the individual collects and develops complex knowledge usually in a longer period of time. It is not easy to express or pass it on (yet, working together or mentoring can make way for it). It is exactly this kind of tacit knowledge, which is difficult to learn and which may, at the same time, be the source of a constant competitive edge. In the age of knowledge economy, knowledge-intensive industries and knowledge workers, the issue of knowledge management is gaining more and more importance in the area of training and development, i.e. how organizations are able to support the creation of high quality knowledge and how it can subsequently be shared, implemented and kept inside the organisation (Bratton and Gold, 2012).

The internalization process of tacit knowledge is called the the spiral of knowledge by Nonaka et al (2000) comprising of four important elements: (1) socialization: tacit knowledge is shared among employees, (2) externalization, tacit knowledge is transformed into explicit metaphors, anologies, theories, and models (3) combination, new knowledge is genrated the basis of existing elements (4) internalization the newly created knowlege becomes accepted and implemented in processes, activities and behaviour (Gold et al. 2010). A supportive or hindering environment plays a critical role in the creation and internalization of knowledge: organizational culture fundamentally sets the scene for community spaces that enhance the creation of knowledge. Referring to learning processes, Wilkonson and Redman (2009) mention expansive and restrictive organisational approach – their characteristic features can be seen in the following table.

Table 3 Approaches to workforce development

Expansive approach	Restrictive approach
Participation in multiple communities of practice inside and outside the workplace	Restricted participation in multiple communities of practice
Primary community of practice has shared 'participative memory': cultural inheritance of workforce development	Primary community of practice has little or no 'participative memory': no or little tradition of apprenticeship
Breadth: access to learning fostered by cross-company experience	Narrow: access to learning restricted in terms of tasks/ knowledge/location
Access to range of qualifications including knowledge- based VQ	Little or no access to qualifications
Planned time off-the-job including for knowledge- based courses and for reflection	Virtually all-on-job: limited opportunities for reflection
Gradual transition to full, rounded participation	Fast – transition as quick as possibleVision of workplace learning: static for the job
Vision of workplace learning: progression for career	Vision of workplace learning: static for the job
Organisational recognition of, and support for employees as learners	Lack of organisational recognition of, and support for employees as learners
Workforce development is used as a vehicle for aligning the goals of developing the individual and organisational capability	Workforce development is used to tailor individual capability to organisational need
Workforce development fosters opportunities to extend identity through boundary crossing	Workforce development limits opportunities to extend identity: little boundary crossing experienced
Reification of 'workplace curriculum' highly developed (e.g. through documents, symbols, language, tools) and accessible to apprentices	Limited reification of 'workplace curriculum' patchy access to reificatory aspects of practice
Widely distributed skills	Polarised distribution of skills
Technical skills valued	Technical skills taken for granted
Knowledge and skills of whole workforce developed and valued	Knowledge and skills of key workers/groups developed and valued
Team-work valued	Rigid specialist roles
Cross-boundary communication encouraged	Bounded communication
Managers as facilitators of workforce and individual development	Managers as controllers of workforce and individual development
Chances to learn new skills/jobs	Innovation not important
Innovation important	Innovation not important
Multidimensional view of expertise	Uni-dimensional top-down view of expertise

Source: based on Wilkonson and Redman, 2009, p.157

Within the framework of HR management, the terms of learning and development are described as organzation-led processes which facilitates individual, group or organizational learning, the acquisition of knowledge, skills, competences and behavioural models aimed at the reaching of company objectives. The concepts of training and development are sometimes used as synonimous terms in company practice. In the professional literature usually training refers to processes aimed at rectifying current deficiencies in competence usually at an individual level, while development tends to cover programs designed to meet future challenges on group or organizational levels (Gagnon et al., 2004). (In fact Nolan and Garavan, 2015, reviewing the relevant literature, suggest that you can find similar confusion in the literature: training, development, learning, competence development, on the job training, vocational education are used without proper definitions, sometimes as synonims.)
Within a company framework we can further differentiate between formal and informal learning processes. Formal learning is a systematic process planned by the organization. Informal learning on the other hand, is carried out during working hours and is based on the individual's or the group's own experiences or the exchange of information among participants.

Table 4 Formal vs. informal learning

	Formal learning	Informal learning process
How relevant is the acquired knowledge?	Relevant to certain participants, irrelevant to others	Tailored to individual needs, relevant
What can be learned?	Same content for each student	Each participants learns relevant knowledge
Who decides about the content and the method?	Teacher/instructor/lecturer	Student (or group) makes own decisions
How and when can new knowledge be exploited at work?	Often difficult to decide how and when it will be useful	Knowledge is created in a given context, may be used instantly
Where does learning take place?	Often outside workplace and after working hours	At workplace, during working hours

Source: based on Armstrong, 2009. p.565

Training programs within organizations may considerably vary depending on their objective and focus:

- professional training (related to specific areas, language courses, project management, cross-functional training, customer service training),
- IT courses,
- leadership programs, talent management programs, career-management programs,
- interpersonal skills developing courses (team building, cooperative intelligence development, conflict handling),
- individual competence developing courses (communication skills, presentational skills development, assertiveness, time management, creativity),
- trainings connected to organisational processes (orientation trainings, heath and work safety courses, diversity trainings, performance evaluation, ethical code),
- training aimed at the development and reform of organizational culture (Armstrong, 2009).

With regard to the form of the learning process we differentiate between on-the job and off-the-job training. On-the job training for the most part helps employees get new experiences and knowledge during working hours at company premises, while off-the-job trainings take place after work and in most cases off the premises.

On-the job training may include rotation programs, dual trainings, internship programs. Off-the-job training involves school system type training, corporate-related universities, colleges, further education programs, professional conferences, workshops, lectures, trainings, role-play, simulation games, and e-learning courses. In certain cases it is difficult to give a clear-cut definition, for example in the cases of coaching, mentoring or even action learning the characteristics of both models may combine (mixed methods).

In the next table you can find some methods, together with their benefits and strengths and possible problems.

Table 5 Learning methods

Method	Description	Benefits and strengths	Problems/points to watch
Lecture	A structured talk or presentation to convey required information, for example product knowledge, new procedure	Suitable for large audiences. A cost-effective way of communicating key information. Trainer centred, with high degree of control over content	Limited opportunity for participation Ability of participants to assimilate and understand material may not extend much beyond 30 minutes. Heavily dependent on the quality of the delivery
Dis-cussion	Free exchange of information and ideas, but working to a clear brief provided by the trainer, for example a discussion of barriers to effective internal communications	Seeks involvement to the trainee. Suitable where subject matter involves opinion, 'grey' areas, or attitudes need to be addressed. Good for getting engagement as regards application of learning and feedback to trainer	Discussions often stray off the point or get superficial. Control issues need careful thought by trainer. Some degree of prior knowledge may be required to make discussion useful rather than purely opinion based
Case study	Presentation of scenario (real of fictitious) describing organizational practice and behaviour. Trainees are asked to analyse the documented problem and/or reflect on described practice, for example an unfair dismissal case, a financial problem, departmental reorganization	Seeks involvement of the trainee. Provides opportunities for exchange of ideas and encourages consideration of alternative solutions. Test trainees' ability to apply theory to practice. Can provide examples of organizational good practice	Decisions taken in case study settings are removed from the reality of decision-making. Unrealistic scenarios may predominate. Quality of debrief crucial for effectiveness. Overuse can result in trainees treating as a 'mechanistic' exercises
Role play	Trainees enact a role they may have to play at work, for example interviewing a costumer or negotiating an agreement. Other trainees, or actors, may be employed to play the role of significant others to enhance credibility	Involves the trainee. Good for training where suitable behaviour needs practising. Trainee can practise, in a 'safe' environment, and receive personal feedback. Role plays valuable resource for reflection	Some trainees may be fearful/embarrassed. Unreal situations may encourage atypical behaviours Requires clear purpose, sound briefs and good facilitation on behalf of trainer. Can be time-consuming and resource demanding
Business game	Trainees manage a range of organizational issues or problems on the basis of information given to them. Outcomes of decisions are fed back to trainees to influence subsequent decision-making.	Involves trainees, practically, in dealing with management problems. Simulation of a real-life problem aids transfer of learning. Enables theory to be put into practice and consequences reflected upon	Limited or unreal outcomes from decisions made may undermine value of method. May result in trainee disengagement. Could be treated like just a game.
Group dynamic	Trainees are put into groups to carry out a simulated exercise and behaviour is examined, for example group decision making, intergroup conflict, intragroup communication	Potentially powerful way to understand self and impact of self on others and vice versa. Increases insight and understanding of working with other people and getting work done through other people	Learning can be hurtful as well as helpful – the facilitator's role is critical in managing this. High levels of skills required on behalf of the facilitators. Danger of trainees treating exercises as just a bit of fun time-consuming and resource demanding
E-learning	Learning is delivered through the internet or intranet	Can effectively overcome time, place, pace issues and barriers. Good for material that can be broken down into distinct blocks and is not subject to interpretation or change. Usefully used as part of blended solutions	Much e-learning is little more than electronic page turning. Can isolate trainees. To cope effectively with skills requires sophisticated applications that are expensive. Learner support necessary

On-the-job training	Sometimes referred to as 'sitting by Nellie'. Training is undertaken at the workplace, often involving demonstration followed by supervised practice. Often used for semi-skilled jobs but potential for developing individual skills in all types of work	Can effectively integrate work and learning. Realistic and immediate. Transfer problem minimized	Potential to learn good habits as well as bad. Choice of 'Nellie' is critical. To do well requires planning and an understanding of trainee/learner
Coa-ching	An individual meets a coach on a one-to-one basis to work on a range of work-related issues, some of which may also include personal factors. Distinct from mentoring with its focus on specific behavioural change and/or performance improvement, for example costumer service telephone training.	Targets individual needs. Enables trainee to practise skills in real situations under supervision and monitoring. Good for situations where trainee may be experiencing difficulties or problems. Cost-effective and promotes devolvement of learning responsibility.	Not a substitute for basic skills and knowledge. Can be time- consuming and resource demanding. Trainees can become over-dependent on coach. An appropriate (open) work culture/learning climate will enhance likelihood of success
Sha-dowing	Trainees observe a skilled, experienced practitioner at work, and discuss their perceptions with the practitioner. Process should require shadow to reflect on experience	Integrates work and learning. Enables trainee to witness first hand real day-to-day jobs and tasks being performed. Promotes wider participation in learning effort beyond HRD	Tends to be time-consuming and can slow down the person being shadowed. Real work can be mundane and boring, so the learning may mundane and boring. Requires some structure, for example building in regular reflection and review
Men-toring	An appointed mentor supports and encourages trainee to manage their own personal development.	Develops the individual rather than training them. Enables person to question assumptions, shift mental context. Good for addressing attitudes and feelings as regards work problems, issues and so on.	Time-consuming and resource demanding, best over a longish period. Good mentors are hard to find. Important that a mentor understands self before the mentor others
Exercise / project	Trainees asked to undertake a particular work-related task leading to a required outcome, for example computerizing client records or setting up a staff absence control system	Suitable for any situation where trainee might benefit from practice following knowledge and theory input. Can be individual or group based. Much scope for the imaginative trainer to design appropriate and challenging	Unrealistic exercises risk disengagement. Should be challenging but attainable. Design critical to ensure sufficient focus on learning rather than just on task
Action learning	Individuals work in groups, addressing real organizational problems. Emphasizes the importance of crucial questioning and reflection learning. Can be project based	Integrates work and learning. Maximizes opportunities for experiential and social learning. Harnesses the power of critical reflection and learning as a force for individual and organizational change	If participants do not have a genuine organizational problem to focus on, initiatives may fail. Benefits from strong facilitation. Needs champions and sponsors within the organization for success
Job rotation	Moving around a number of jobs to build experience across job roles. Often feature of graduate training programmes	Provides broad experience and awareness of aspects of a number of roles in a shorter period of time than via natural progression. Should broaden perspective and outlook. Chance to develop new skills, knowledge and networks	May prove frustrating, as potentially insufficient time to deliver in roles experienced. Resource hungry due to learning curves. Consistency of learning support via different line manages may vary

Source: *Gold et al. (2010) p.147*

The concept of learning organisation originally comes from Senge (1990) and refers to and organization where members continuously and jointly develop themselves and their skills. Consequently the organization itself goes through a constant development, transformation getting ready for future challenges. Based on Garvin et al. (2008) learning organizations can produce outstanding performance in the following five areas: (1) systematic problem solving (with the continuous development of applicable methodologies), (2) continuous experimentation and innovation (characteristically with no apprehension about failure), (3) learning from past experiences (analysis of successes and failures), (4) learning from others, continuous benchmarking (monitoring the environment, competitors, other industries, proactivity), (5) quick ad efficient knowledge sharing (new experiences , opportunities and challenges for employees, training and development with the use of various methods).

According to the resource-based view of the firm the most important corporate resource is knowledge (Grant, 1996, Chirico, 2008). The leverage of all other resources and thus, the creation of organizational value depends on how an organization is able to create, share, impart and recreate knowledge.

7.3. The characteristic features of small and medium-sized enterprises

As we have mentioned before, the assessment of HR practices in small and medium-sized enterprises may have several difficulties. To begin with, there is no standard definition for them – in the EU under 250 persons we talk about micro (up to 10), small (10-49) and medium-sized (50-250) enterprises, whereas in the US small enterprizes have max. 500 employees. On the other hand, even within the category, the picture is rather varied: according to data based on Harney and Nolan (2014), 40% of Irish SMEs are, in fact, one-person enetrprises where – obviously – HR activity is nonrelevant. Accepting the suggestion made by Storey (1994), HR activities of SMEs may be studied in companies which are 'definitely not large'. It must be noted, that in the study a small-sized enterprises, two concepts can be identified simultaneously: one is 'small is beautiful', which implies flexibility, direct and close relations, a low level of bureucracy and, accordingly, an emphasis on highly challenging and motivating positions. The other stereotype 'small is bleak house', which, on the other hand refers to the lack of security, stability, future prospects and unfavourable working conditions (Harney and Nolan, 2014). As we have seen before, the diversity of SMEs makes it rather difficult to gather generally applicable characteristics. Apart from size, factors like the specific industry, business, sector, years in operation, the personal charahteristics of the owner/manager etc. will all affect HR practices including training and development.
Looking at research findings of the literature, we may conclude that in average SMEs offer fewer development programs and training opportunities, than larger size companies (Whapshott and Mallett, 2016) and their development and training systems are not so advanced or less sophisticated. According to OECD data, SMEs offer at least 50% less training than their larger-sized counterparts, although there are significant differences

among SMEs and their employees themselves, i.e. highly qualified young professionals e.g. engineers, IT experts, managers have far more trainig opportunities than older, less qualified (or otherwise disadvantageous) colleagues.

It must be noted that the majority of existing studies focus on formal systems, training and development programs and most probably they ignore tools and opportunities for informal learning and development and in general the huge potential for informal processes in such companies (Lewis and Coetzer, 2009). As Nolan and Garavan (2015) point out the lack or smaller proportion of formal training is seen as a kind of 'backwardness' in HR literature as opposed to the 'sophistication' of larger companies and thus, little attention is paid to understanding the difference. Harney and Nolan (2014) diiferentiate between comparative research (putting emphasis on comparison with large company practice) és differentiating (alternative) studies which strive to understand existing practices.

As for the characteristic features of SMEs the following aspects should be examined: (1) objective reasons for the lower level of formal training on small-sized enterprises (2) external and internal factors that may affect (formal or informal) trainig systems (3) patterns that may be identified in small-sized enterprise sector.

Based on the summary of Saru (2009) and De Kok et al (2006), literature identifies the following formal reasons in respect of formal training:

- Training programs are expensive for small enterprises, the substitution of absent workforce is difficult and they do not clearly see the use or profit of them. Furthermore, these companies may feel that the ready-made programs available on the market are not necessarily directed to their specific needs (and have no means to develop their own well-designed programs).
- They have no sufficient information about available programs (use, profitability) thus, they do not necessarily know about the right programs and even if they do choose somethig it is not necessarily the best option. Consequently, the training program is not successful.
- If they strive for short-term survival, they will not be interested in programs that perhaps provide skills for medium or long-term survival.
- They are afraid that higher qualificiations in the staff will lead to higher wage demands and a better position on the job market, i.e. money invested in training may be lost.
- In certain cases taking the initiative is expected from the employees and if they are not willing to do so, no training will be provided.

Armstrong (2009) points out that the lack of formal training and the predominance of informal learning may mean a potential danger for employees, i.e. they will be left alone with their qualification deficit or their knowledge will not be certified which may be disadvantageous in the future.

To enhance the effectiveness of informal learning processes and training, Armstrong (2009) sets down five key requirements that small businesses should adhere to: (1) knowledge and skill requirements must be identified and analized (2) specific sharing and learning methodologies must be determined (3) a sense of responsibility must be reinforced in those who impart kmowledge (4) in the case of a larger number of employees and higher fluctuation one appointed and responsible person must oversee all learning processes (5) the efficiency of learning methodologies must be checked. Consequently, informal learnin processes at small businesses does not mean that the management should not think them over and let them out of control.

(2) With regard to external and internal factors that affect the frequency of training programs, Whapshott and Mallett (2016) identifies six groups of factors, influences.

Table 6 Influences on training in SME-s

Influence	Desciption
Pressing business need	When training offers a solutions to a current and pressing problem, solutions to crises
Change within the organisation	Majos changes in the ways firms work, promting the need for new skills/capabilities
Innovation and innovative businesses	Business competing on the novelty or differentiation of their product line may require staff to have the latest skills
Relations with large businesses	When forminf part of a large business supply chain, particular types of training might be necessary
Participation in business networks	Relationship between membership and levels of training (may not be casual)
Business size	Provision of formal tarinings increases rapidly as business experience the initial stages of growth

Source: based on Whapshott and Mallett, 2016. p.67

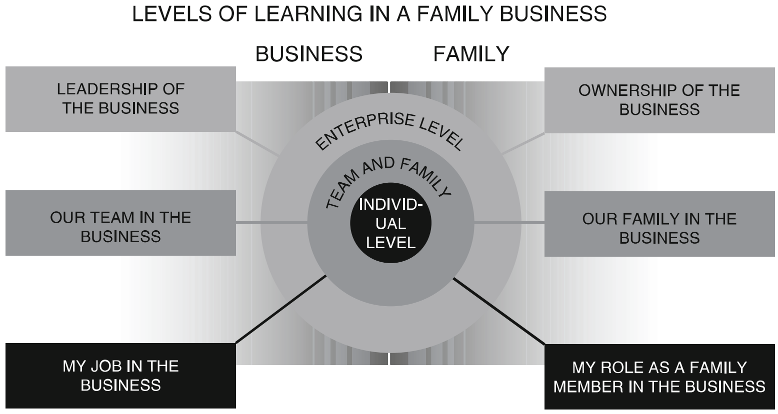
Pett and Wolff (2011) stress that – owing to their size – SME-s can hardly influence external markets or exert pressure on a larger business environment, it is exactly because of this reason that they should give much more significance to learning and adaptation skills and gain knowledge through external partners and networking. Striking a balance between the aforementioned explorative and exploitative ways of learning plays a key role in this process. The amount of attention given to training and development issues will certainly be influenced by the orientation and attitude of company owners/management. On the basis of Frank et al. (2012) the most important factors are openness to new ideas, faith in the importance of learning and a commitment to development. Frank et al. in their research focusing on Austrian small businesses found that learning orientation – especially in a rapidly changing business environment - is closely related to the performance of the company. More and more small sized enterprises share the basic principle of 'hire for attitude and train for skill', which will put a great emphasis on training (Pett and Wolff, 2011).

(3) On the basis of their formal training practices Kitching and Blackburn (2002) put SMEs in three groups: strategic trainers, tactical trainers and passive trainers. Their research (using European sample) showed that 30% of small businesses belonged to strategic trainers: these companies planned their training programs in advance using a systematic framework and allocated a budget to it. 56% of small businesses belonged to tactical trainers who – if need be – organise courses or send their employees to training sessions but make no advance planning. In the rest of the companies there is no training whatsoever (or, perhaps, as a last resort). Pett and Wolff (2011) suggests that employment relationship in small companies may also play a highly important role in training while in transactional relationship neither the company deals with employee training nor the employees are interested in knowledge sharing and adaptation. in relational relationships both parties are willing to give more than is minimally expected, thus learning processes are much more efficient.

7.4. The characteristic features of family businesses

In his pioneering study on HR practices in family businesses Lansberg (1983) sees the overlap of family and business interests as one of the most important challenges in the areas of training and development. From a family perspective the training if family members is of utmost importance (in accordance with the individuals' requirements). Yet, it may also be possible that for the attainment of strategic goals (the optimal utilization of company resources) an other individual should aquire other competency. Lansberg (1983) proposes detailed career planning for both family and non family members stressing that family members involved in the business must accept the importance of business objectives and considerations. In his research Matlay (2002) calls attention to a 'training paradox': the training of family members appears as a medium and long-term investment (both at individual and organisational levels) supported not only by business but also by family considerations. The training of non-family members, however, depends on short term business needs and opportunities. which, in effect, may lead to double standards. Randsberg et al (2016) emphasize the importance of separating the different levels of learning and give each level a well-thought out consideration. (see fig. 2).

Figure 12 Levels of learning in a family buisness



Source: based on Randsberg et al, 2016.

In the summary of Lionzo and Rossignoli (2013), three internal factor groups are identified which may have an important impact on the training and development systems or the characteristic learning processes in family businesses: (1) family values, goals, relations, family cohesion (2) flexibility, lack of formal systems, high level of informality (3) managerial competence and number of family members participating.

(1) The set of values and goals of family businesses are based upon those determined by founding member(s). If they prove successful, they are converted into company values and get consolidated. Once these values become part of family tradition, a certain emotional attachment is formed, which makes them difficult to change – although, perhaps, a change in business climate may require them to do so (Zahra et al. 2007). From this angle family businesses may have more problems with their attitude to learning, openness to innovation, changing of goals, forming of company culture, organizational learning and adaptation – unless the innovative and enterpreneurial spirit is inherently there among family values and does not 'die out' with the expansion of the company (Zahra, 2010). On the other hand close ties among family members, intensive relationships, commitment to one-another and to the family as a whole, a specific code system can all make knowledge sharing easier, faster and more efficient (Nahapiet and Goshal, 1998). An interesting organisational situation is created when the controlling of the flow of information, the last word or final decision is always made by the family or a dominant family member who, in this way, may hinder the flow of internal and external information, developmental and learning processes.

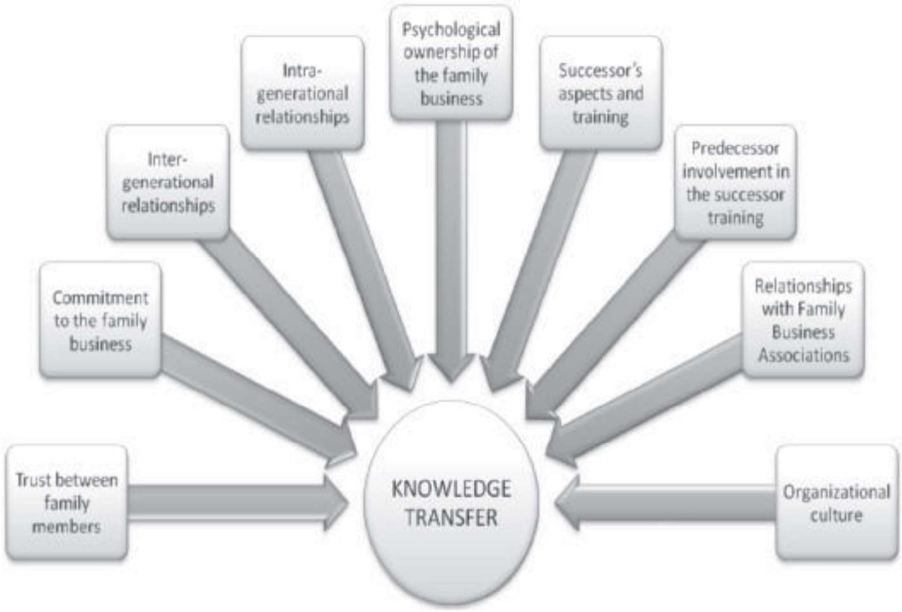
(2) Flexibility, the lack of formal systems and strong informal ties may facilitate givinging quick responses to new challenges, although it may also prove an obstacle if knowedge sharing does not work, i.e. individual knowledge cannot be integrated and converted into organizational knowledge. It is important that family and non-family members should function as equals in informal networks and avoid living in 'separate realities' where knowledge is not shared and the family wants to reduce 'non-familiness' to a minimum (Cunningham et al., 2016). External knowledge sharing partners (customers,

subcontractors, universities, professional organisations and communities) may play an important role in learning and information sharing processes (Lionzo and Rossignoli, 2013).

(3) Further important factors include the knowledge and competence of both the leader and the family members or, for that matter, the recognition and rectification of those lacking competences with a general openness to learning. It is still an open question whether the firm strtives to employ family members exclusively or for a greater part – even if their competencies do not qualify them for the given positions. This issue was already addressed in an earlier chapter about recruitment.

As we have mentioned above, knowledge management and sharing may be easier in family businesses, since family members have close ties, share (wholly or partly) the same values, trust one-another, speak the 'same language'. i.e. in ideal cases they may operate more smoothly than other small-sized companies. Barroso et al (2013) identified nine factors that play a key role in the process of knowledge sharing and knowledge management.

Figure 13 Factors influencing the knowledge transfer in family firms



Source: based on Barroso et al, 2013 p.1224

Case study: Learning from Doctor Who Bar (adapted after Gold et al. 2010 p 371)

According to the Lonley Planet, Doctor Who is one of Budapest's most entertaining little bars in which live music is played on several nights of the week. The bar was founded in 2013 by Sam, Adam and Adam's father, Charles. During the first 18 months Sam and Adam led the bar with the help of a full-time bar manager and 12-15 part-time employees, mainly young college students.

Although Doctor Who was doing well - especially Friday and Saturday was full-bodied - the numbers did not look so good. In the year of foundation, the small loss in 2013 turned into a bigger loss in 2014. The three owners agreed that something should be done - but they did not have an idea.. so they actually had more ideas. Longer opening hours? Shorter opening hours? Food serving? They also thought it would be good to have some advice, but the opportunities found on the Internet seemed too expensive for Sam. Finally, one of Adam's friends is recommended a program of counseling for family businesses, the price of which was more favorable.

During the counseling process, three objectives were raised: firstly, the enterprise is to generate profits for the three owners, secondly, to grow in a sustainable way and thirdly, to find a solution for waste and waste disposal. It also turned out, so that Sam would sell Doctor Who while Adam and Charles wanted to keep it.

Charles thought of the strategic possibilities, while Adam analyzed daily work and processes. Charles carefully talked about the situation with the accountant and the bank, as well as at the Christmas table, he also talked prolongedly with his brother who live abroad, and who is an accountancy. Adam was thinking and looking for those friends and acquaintances, who engaged in trade and catering and and also many university lecturers. Especially valuable was the advice of a restaurant where Adam worked as a waiter during summer breaks. In the following six months, several changes have taken place:

Adam and Charles 'bought out' Sam.

They figured out and introduced a loyalty card program and a related discount scheme.

They transformed the bar's equipment, increasing the space.

They invited representatives of various beverage companies, to be educated about the various drinks they sell, about possible ways to consume and to call on them. They asked for help in organizing different events, special occasions (whiskey, cocktail party).

They wanted to hire trainees, in the first round a sound engineer was recruited who was perfecting sound reinforcement.

Adam introduced a weekly regular meeting (Friday afternoon) which, for the sincere surprise of Adam and Karoly, the employees were very pleased. Different responsibiliti have emerged: there was one who was responsible for the musical offerings of each night, others made the weekly snack menu and another made the course of the various promotions and the design of the graphic design. It has become increasingly apparent that employees are cohesive, trustworthy, enthusiastic and hard-working associates who are closely related to Dr. Who. Most of them helped out with the refurbishment for nothing. In 2015, the bar was roughly zero, but in 2016 it already had a significant profit.

Task:

1. Are there any evidence that there is any learning in Doctor Who?

2. If so, characterize who, what level and how you learned! How to share knowledge.

Case study: Cracks in the operation of Woodart (adapted after Gagnon et al 2004 p. 183)

Woodart Ltd. was established by the Pallo family for 25 years. The company offers wood products to resellers (construction contractors, gardeners, etc.) and buyers (hobby, home improvement, home improvement and decorators, etc.) besides selling on the premises, since the autumn of 2014, online orders have also been accepted. In addition to its central warehouse, the company has 11 warehouses in the territory of Hungary, which are supervised by site managers. It is the largest in the central part of the country, here 22 sellers are employed.

John Pallo, the founder who has degree in woodworking, is also happy to read management books. He thinks (otherwise correctly) that the survival and development of the business depends to a great extent on the quality of the service - and from this point not only the quality of the wood, but also the level of service can be vital. But what does it exactly mean in his business? At Aron's proposal, who is his son, decided to test the operation of the central site and think over how to improve service quality. Aron - in aggrement with Tom, who is the head of the central plant - sent observers to the central plant on several occasions who reported on the experience.

Unfortunately, the reports were not very cheerful. Salesmen talked with their friends and acquaintances for a long time, rather than giving or serving information. They did not care about small buyers or interested parties at all, they were forced to wait long. In addition, salesmen were several times heard using crude and vulgar language in front of customers, and it did not comply with the company's administrative and accident prevention regulations. Aron briefly summarized the experiences and consultated with his father he also sent this to Tom. The next day, John and Tom discussed the situation.

Tom, listen – started John Pallo - it's enough for the second class, but I want to play in the first class. I think that most of these people must be kicked out and have to hire normal people.

- John, you know these guys know the business very well, they're just a little rude. It comes from industry style - because we do not sell pink ponies. And if I pick up new salesmen - what do I do if they are polite, but can not distinguish the pine from cherry? Then what will be about us?

Tom, this may be true. But it is important to keep and increase our share of the small buyers' market - this will not happen until our people are behaving like this. Woodart Ltd can not provide high quality services so we have to fix these problems. I trust you how you do it - you have three months. After three months, I will solve the situation and you will not be happy about it.

After leaving his boss, Tom looked sadly at the window - he got an ultimatum. He had known and honored John Pallo for 15 years - he knew he has no more than three months. His men were not perfect, but they knew the business and some of them worked for more than 10 years at the company. What to do?

Task:

What do you think would be the solution to this issue by redeployment or training?

What trainings could be used, which training could be effective? What could be the purpose of the training? How to develop the training?

How can the effectiveness of the training be evaluated?

What other development would be needed? Put them in order of importance!

UNIT 8: Corporate and organizational culture in family firms

In the study of business – thus in family business as well – culture is an even more important topic. Culture is considered as the key of success in the challenging process of succession as well as concerning the effective and efficient operation of the firm (Denison, Lief, and Ward 2004; Dyer 1988; Schein 1983; Vallejo-Martos 2011).
The chapter first introduces the basic notions of organizational culture generally, then it turns to the special concerns on the small and medium sized family firms. Next, it provides an overview of the different approaches in studying family firms' culture.

8.1. Definition of culture in organizations

The notion of culture derives from anthropology and sociology (Cheyne and Loan-Clarke 2013). The corporate or organizational culture is the system of shared meanings, presumptions and values (Schein 1985), which provides guidelines for organizational members about what is the right behaviour in the given community (Moorhead and Griffin 1995 in Cheyne and Loan-Clarke 2013). Organizational culture evolves through learning how to cope with the challenges of external adaptation and integration. The result of this learning process are the taken-for-granted patterns of problem-solving (Schein 1983). Those beliefs, values and belonging behavioural patterns are continuously constituted, refined and geared to internal and external challenges by the members of the organization (Schein 1985).

Organizational culture can be viewed as an iceberg (Daft 1992 in Bakacsi 1998): although it has easily visible and observable elements, however, the deep structures (belief systems) influencing organizational members' behaviour are invisible. Schein (1985) differentiates three levels of culture.
The first level is the surface, where the cultural artefacts, and objectified signifiers of cultural activity are. Those can be physical, for example a corporate logo; verbal; for example workplace terminology abbreviations; or behavioural, for example ceremonies, rituals (Dyer 1988).
The second is the level of values and priorities, which refers to organizational habits acquired through social interactions, persuasions about espoused behaviour (Schein 1985).
On the third level are the basic assumptions which are the taken-for-granted, unquestioned beliefs in how to make sense of the world around us (Schein 1983, 1985). This third level is not even inevitably accessible for the members of the organization, to understand and be aware of therequires high level of self-reflection.

Exercise: Levels of culture

Schein's (1985) model identify three levels of culture. Explain what each of the three levels means and what information would be needed to understand the culture at that level.

Source: Cheyne and Loan-Clarke, 2013: 330.

We talk about a strong organizational culture when the organizational member share mainly common values and beliefs (for further information see the Strategy chapter). The culture of a given company may not be inevitably unitary, despite all the efforts of the owner and the management. The different groups or smaller communities in the organization may construct different cultural products and meanings, may share different values and beliefs and may read the corporate culture in different ways – thus, different subcultures may evolve (Bakacsi 1998; Cheyne and Loan-Clarke 2013). These could evolve based on the existing roles, functions or hierarchical positions inside the organization, or other group-forming forces, which for example implies different goals for the given groups of stake in contrast to the goals of the company (Cheyne and Loan-Clarke 2013). Moreover, organizations can be considered as the collection of diffuse subcultures, which are not necessarily in harmony with each other (Martin et al. 1985 in Cheyne and Loan-Clarke 2013). Hence, the existence of the common corporate culture could be questioned.

8.2. Two different approaches of culture

The expressions of corporate and organizational culture may seem to be synonyms (and some studies use these in that way), however they cover two different approaches toward the theorization of culture. They give different answers to questions like these: Is management-driven culture change possible? Is culture a measurable feature of the corporation? In the following section we shortly discuss the differences between the two directions.

1. The notion of corporate culture reflects the mainstream, functionalist assumption that culture is something what the organization possesses, i.e. 'the organization HAS a culture' (Brewis 2007). Culture is an objective entity, which makes companies different and influences their success on the market (Cheyne and Loan-Clarke 2013). Culture is one of the variables that characterize organizations (Smircich 1983), which can be managed and "built" in the same way as other operational processes (Brewis 2007). Studies give managers advices of the 'how to' type (Brewis 2007) in order to shape the culture in a way that it can contribute more to the effective operation of the company (Cheyne and Loan-Clarke 2013). Functionalist, mainly managerialist studies (for more see Burrell and Morgan 1979) belong to here, using typically quantitative methodology.
2. The use of the expression of organizational culture is more typical of pieces inspired by anthropological works, and reflects the view that culture is something that organically develops and emerges in a community. The orientation of this approach is much more towards understanding rather than planning, basically seeking the answer to how the coordination of separate individuals' actions is

accomplished (Brewis 2007). In fact, 'the organization IS a culture'; even seemingly objective organizational processes (e.g. recruitment / selection) are actually cultural ones – transmitting values, beliefs and norms (Brewis 2007). Culture is the root metaphor of the organization: collection of subjective experiences and meaning patterns that makes organized action possible (Smircich 1983). Interpretive, constructivist and critical studies (for more see Burrell and Morgan 1979) are using this approach, which use qualitative and ethnographic methodologies in researching culture.

Of course, we cannot draw conclusion concerning epistemological and ontological stance of the given study based on the terminology used only. Moreover, these point of views are often mixed: the notion of organizational culture following Schein became very popular, whereupon many study use this term in functionalist, quantitative researches as well. Even so, the distinction is useful in order to grab the deeper differences between the diverse streams. In the followings, we discuss the main goals and concerns of the 'HAS' and 'IS' approaches.

8.3. Categorizations of corporate culture in family firms ('HAS' perspective)

Researchers who consider corporate culture as an objective existing and measurable variable tried to classify in ways. The goal of those typologies is to make organizations comparable regarding cultural characteristics (Cheyne and Loan-Clarke 2013). They search the answer to the question, how to develop the culture of the corporation operating under certain circumstances in order to turn culture to the source of competitive advantage, or at least to influence the organizational performance in a positive way. In the followings we introduce a few typologies of culture, which convey relevant messages for small and medium sized companies and family firms as well.

8.3.1. Dyer's typology of culture

Dyer (1988) differentiated four types of culture based on the system of basic beliefs (see the third, deepest layer of culture) building upon the analysis of the history of 40 family firms: paternalistic, laissez-faire, participative and professional. Dyer (1988) presents the advantages and disadvantages of all types. The cultural patterns introduced by him are basically reflecting the leadership style followed by the owner-manager, ascribed to this a specific role in shaping culture (along with Schein).

- Paternalistic culture. This type was the most pervading among the investigated first-generation firms (appr. 80% of the sample). In these firms, the founding owner possess the power on the whole, all important decisions are made by him or her. Family trust less to outsiders, therefore family members are in distinguished positions. The task of employees is to accomplish their job according to the commands of the family. To preserve and respect the values and traditions laid down during foundation is important. This pattern works well if the leader owns the competencies and experiences needed to run the business. However, there is less attention paid to the development of the next generation beside a charismatic leader, so that successors have less chance to acquire the necessary management skills. Problems occur if the founder is hindered in leading the firm, or is not able to cope with the complexity due to the growth of the company. Therefore, according to Dyer, this cultural pattern is more suitable to smaller firms.

- Laissez-faire culture. It resembles to the paternalistic model regarding that the firm's mission is defined by the family, relationships are hierarchic, and the family members enjoy advantages compared to outsiders. The employees can decide about the way how to reach the goals assigned by the family. That is, they have more autonomy compared to the paternalistic model, which has its dangers as well: employees may not follow the ultimate family values.
- Participative culture. Compared to the laissez-faire culture, relations are more equal, more group-oriented, and the power of the family is less stressful. Employees are involved in decisions about goals and means as well, due to this the participants are more committed. However, it leads to long decision making processes. The laissez faire and the participative culture occurred rarer among the investigated first-generation firms (together 10%).
- Professional culture. In the given study, only one first-generation firm had this type of culture, but the bulk of the second and third generation firms had experiences with the professional pattern. It occurs when the owner-family entrusts the management of the firm to a professional manager, who brings an impersonal, individualistic and competitive culture to the company. New management methods could be useful in increasing operational effectiveness, but it is often accompanied with alienation of old employees.

8.3.2. Positive corporate culture in family firms

The mainstream cultural studies are very concerned with the question what are the characteristics of an effective corporate culture, which enhances profitability. To verify this causal relationship is not an easy task (Cheyne and Loan-Clarke 2013). Nevertheless, many studies tried to describe the features of the culture affecting profitability positively in family firms. Further researches investigated whether family firm's culture is different from non-family firm's culture.

Denison et al. (2004) offers an assessment tool for corporate culture for all kinds of companies that facilitates the development of a positive culture. The authors argue that the higher is the degree of the company's cultural traits defined by the Denison model – adaptability, mission, consistency, involvement –, the more likely improves its financial indicators. In the comparative analysis of 20 family and 389 non-family firms they found that family firms achieved a higher average in all indexes then non-family firms. There was a significant difference in the capability development index (one of the indexes in the involvement trait), which suggest the family firms invest more in their employees' development as other companies. Denison et al. (2004) found the results interesting also because they question the traditional view that the division of ownership and control represents a superior organizational form.

Vallejo (2008, 2011; 2011) aimed to modelling the effect of the cultural characteristics on the performance-variables in family firms. Based on that causal model, one can approve that the corporate culture is one of the key factors of competiveness in family firms. Based on his empirical study in the Spanish automobile distribution sector he found that the more transformative the leadership style (see Bass 1990) of the founder is, the higher is the level of commitment and harmony, and the stronger is group cohesion in the organization (Vallejo-Martos 2011). Furthermore, he verified that long-term orientation and costumer focus raise the firm's profitability (Vallejo-Martos 2011). The author suggests that family firms should put emphasis on different values while developing corporate culture at different stages of the growth. At the initial stage, named the "controlling owner", long-term orientation; in the "sibling partnership" commitment; in the "cousin consortium" harmony are the key values which supports the survival and profitability of the firm (Vallejo 2011). His research, along with Denison et al. (2004) underpinned that in many positive cultural characteristic (involvement, identification, loyalty, climate, trust, participation, reinvestment, transformative leadership, cohesion) family firms has shown a higher level than non-family firms (Vallejo 2008).

The effect of national cultures is also a well-researched topic in regard to family firms. This topic is discussed in the Strategy chapter in details.

8.4. Family culture as ideology ('IS' perspective)

We know many things about factors shaping culture, however, we understand the process how culture shapes power relations less, point out Fletcher et al. (2012). How do sense-making and meaning construction occurs in family firms? What kind of ideologies, discourses and logics maintain typical power asymmetries in the family business (Fletcher et al. 2012)? The interpretive and critical studies are seeking answers for questions like these from the diverse perspective of the different actors of an organization.

Family as the metaphor of organizational culture is relevant not only in family businesses. Large corporations like to represent themselves also as a "big family". Family metaphor suggest that this is a unified, harmonic community based on strong and benevolent relations (Ainsworth and Cox 2003). Critical researchers reveal that deploying family metaphor is a regulative-disciplinary instrument of normative control as well (Casey 1999). Does family culture, familiarity mean something else in family firms where the family is not only an empty "discursive construction" (Casey 1999) but is based on real kinship?

Ethnographic studies (Ainsworth and Cox 2003; Ram and Holliday 1993; Ram 2001) pointed on that the meaning of family as cultural entity is not at all unequivocal in family businesses, but complex and ambiguous, which might reproduce socially embedded, taken-for-granted power asymmetries. In the firms studied the family culture reinforced patriarchal social order through parent-child relations on one hand, through determining female gender roles on the other. Women worked in each firm in the background: as employees (meanwhile their brothers were in management positions) (Ainsworth and Cox 2003), or as the responsible person for managing the household and the inner processes

of the business, which were less visible roles with lower salary (Ram and Holliday 1993). Behind the involvement of women into the business appeared a patriarchal ideology (Ainsworth and Cox 2003): it is the women's responsibility to be with the family and to take care about the children, therefore it is better for them not to take an 'outside' job, but to stay in the family business having a part-time job with less exhausting tasks – and less chance for progress in career. Women reacted to this with alienating work psychologically and emotionally as well as removing into traditional female gender roles, which deepened and reinforced their dependent status (Ainsworth and Cox 2003).
Trust is a basic principle of the ideology of family culture which has a contradictory meaning as well. It provided an ideological basis for rationalizing the decisions on employment: trustable family workforce is cheap, flexible, willing to overwork – in other words exploitable. Following this principle results often in irrational situations from the point of view of the business: incompetent family members in key positions, who cannot be moved. The recruitment of non-family members is based also on the principle of trust using informal, word-of-mouth methods building upon the social network of the employees. However, Dick and Morgan (1987 in Ram and Holliday 1993) draws our attention to the different reading of family culture built upon trust: it might become the instrument of normative control as well since it strengthens conformity by using employees' family/social network. (Ram and Holliday 1993)

Exercise: Understanding the culture of an organization

Think about a small or medium sized family firm you know. This could be one you have worked in full-time (now or in the past), temporarily (e.g. vacation work) or one you know from your local community. Consider the following two questions about that organisation:

What do you consider the organisation's culture to be? Either use your own words to describe this or relate your understanding of the culture to one of the models we have covered in the chapter, e.g. Dyer.

Does this culture apply equally across the whole of the organisation or just to a certain part(s) of it?

What type of power asymmetries can you discover in the organisation? What are the logics, rationalizations or ideologies behind them?

You will initially need to think through these ideas on your own. Make some brief notes to help organise your thoughts. Having done this, exchange your ideas with others in a group.

8.5. Culture change in family business

Family business often face with the need for culture change when they arrive to the first generation change. The process of succession moves together many times with the change of culture in some way or other, often accompanied by a crisis situation. The growth of a small company or the change of the external market environment could also result that established problem solving methods, old belief systems became inadequate

(Schein 1983). Dyer (1988) warns leaders not to wait for a crisis, but to conduct culture change in a conscious, reflective process.
But is a managed culture change feasible at all? - puts the question Cheyne and Loan-Clarke (2013). The 'HAS' and 'IS' approach of culture gives different answers to this question. The proponents of the different directions agree that the first step in change should be the understanding of the current culture, but they have different opinions concerning methods of understanding and the ultimate goals of the change process.
There are quantitative and qualitative tools as well to assess culture. One of the quantitative instruments is for example the Denison-model (2004) discussed above. However, questionnaires are not necessarily suitable for small family businesses since they are suited for big samples and statistical analysis. In addition, Schein (1984 in: Cheyne and Loan-Clarke 2013) draws our attention to the fact that these questionnaires try to grab culture through uniform, strange, external notions instead of using the unique vocabulary of the given organization. It is more important to understand culture from an inner point of view, thus, qualitative methods (for example interview and participant observation) provides more adequate tools.
In order to understand the deep structures of culture we have to investigate those organizational mechanisms which convey value and belief systems. Schein (1983, 22) summarize those as the followings, from the more external to the more implicit messages:

1. Formal statements of organizational philosophy, recruitment, selection, and socialization.
2. Design of physical spaces, facades.
3. Role models provided by leaders.
4. Compensation systems, promotion criteria.
5. Stories, legends, myths about key members and events.
6. What leaders pay attention to, measure and control.
7. Reactions of leaders to critical incidents and organizational crisis.
8. Organizational structure.
9. Organizational systems and procedures (for example decision making processes).
10. Criteria used for recruitment, selection, promotion, retirement, "excommunication" of people.

We can see from the above list that leader's behaviour and human resource practices are the main mediator of organizational culture (about interconnections of culture and HRM see Cheyne and Loan-Clarke 2013). Schein (1983) argues that the 3., 6. and 7. elements have crucial effect. However, it is important to keep in mind that employees are not just passive receivers of cultural contents transmitted by leaders, but they are also active actors in the process of meaning construction. Therefore, if we really want to understand the culture of an entrepreneurship, we should be able to take different perspectives. (Be aware of that this is not a matter of perception, it is about constructing culture in different ways.)
Espoused theories and theories in use (Argyris and Schon 1978) followed by leaders and organizational members might differ seriously. Espoused values and theories are

explanations about our behaviour formulated on a conscious level which might be in contrast with unconscious motives behind our habits (Gelei 2002 based on Argyris and Schon 1978). Thus, investigating culture can be enlightening in that regard as well.
The main question of the mainstream managerialist approach is how to change corporate culture in order to make the company more effective? Dyer (1988) suggests to form an action research team with insiders (leaders and employees) and outsiders (consultants) in order to map culture. The team may conduct interviews and participant observation about organizational behaviour at different level of the organization. Relevant questions might be: Who is successful? What are the sins? How are decisions made? Next, the team's task is to identify the consequences of the revealed cultural pattern: how it effects the accomplishment of the firm's strategy, productivity, development, and the motivation of employees. Then an action plan might be made about the intervention necessary for change. The might form plans for succession, ownership, guidelines for decision making or conflict management. (Dyer 1988)

If the above presented incremental, but time-consuming change process is not manageable, Dyer (1988) offers two quicker but more radical way of change. The first option is changing the presumptions of the leader, which would require developing leader's self-reflection, identifying discrepancies between espoused and used values, becoming aware of how leadership affects employees. The involvement of consultants, participating in therapy or coaching could support this painful process. The other option is to change by involving outsider professionals, who took over the fully or partly the management of the firm. This solution has the danger that employees socialized in the old culture might feel betrayed, and the valuable elements of old culture might have lost. (Dyer 1988)
Critical studies broaden the horizon of culture change: moving beyond the narrow concept performance-orientation (effectiveness and efficiency) (Fournier and Grey 2000) they urge to take into consideration in organizational goal-setting the interest of broader society and environment. According to Willmott (1993) the danger of corporate culturism is that it results only in dramaturgical behaviour (that is simulation) on the employees' side, which might undermine not only commitment but the potential of democratic change. Therefore, critical performativity aims to foster emancipation at the workplace, abolishing exploitation in order to create better world (Spicer, Alvesson, and Kärreman 2009), acknowledging that production and services are legitimate goals of corporations (Alvesson, Bridgman, and Willmott 2009).
The key of democratic culture change is the development of critical reflection both at individual and organizational level. The first step in change is revealing the repressive patterns of current organizational culture (see, for example patriarchy above), to unmask asymmetric power relations. In the next step is discovering alternative organizational forms which foster the creation of a fairer and more human organizational world (Alvesson and Willmott 1996). The change process might carry out through organizing social/stakeholder dialogues or participatory action research (Duberley and Johnson 2009).

Case study: Dynamics of Paternalism at Packaging Co.

Packaging Co. is an independent manufacturer and printer of packaging for the food industry which currently employs 67 people. Packaging Co. has a simple structure of an active owner-manager who continues to oversee all activities, although he is supported by long-serving staff in the form of a sales director, production manager and financial controller. There is little emphasis on formal rules regulating work activities. For example, in terms of recruitment, Packaging Co. relies on local labour markets, typically sourcing candidates through contacts of its existing workforce. The owner-manager at Packaging Co. retains control over key decisions, and his paternalistic and informal style has engendered a certain degree of loyalty. Of the 67 employees, over half have over fifteen years' experience working for the organisation and many who leave to gain experience elsewhere eventually return. However, the appearance of organisational harmony is also accompanied by an authoritarian streak evident in the owner-manager's assertion that 'the buck stops with me' and his nickname of 'The General'. The long-term nature of working relations has also expanded the scope for personal control. The nature of control, and the impact of harsh competitive realities and lower pay, is in some respects ameliorated by the work atmosphere and informal relations that enable a certain amount of 'banter' and 'give and take'.

Source: Harney 2010, In Harney and Nolan, 2014:160

Questions:

What are the characteristics of the organizational culture at the Packaging Co.?

What are the advantages and disadvantages of the paternalistic way of leading at Packaging Co.?

How are power asymmetries reconstructed at Packaging Co.?

Reflective Questions

The questions provided in this section will help you in a better understanding of the teaching material provided in this section. Please read them and to try to provide the answers in a creative way. If possible, try to discuss your answers with your colleagues from the class:

1. How the embeddedness of family owners in the family affairs can influence the business orientation?
2. Can you provide any advice how family firms can attract and retain non-family senior management?
3. How can we assess the performance of employees in the company? Which method do you find the most useful?
4. Can you provide the examples of formal and informal learning?
5. Can you describe the factors influencing the knowledge transfer in family firms? Which one is for you the most important? Why?

SECTION III: Immigrant, diaspora, ethnic and mintority entrepreneurship

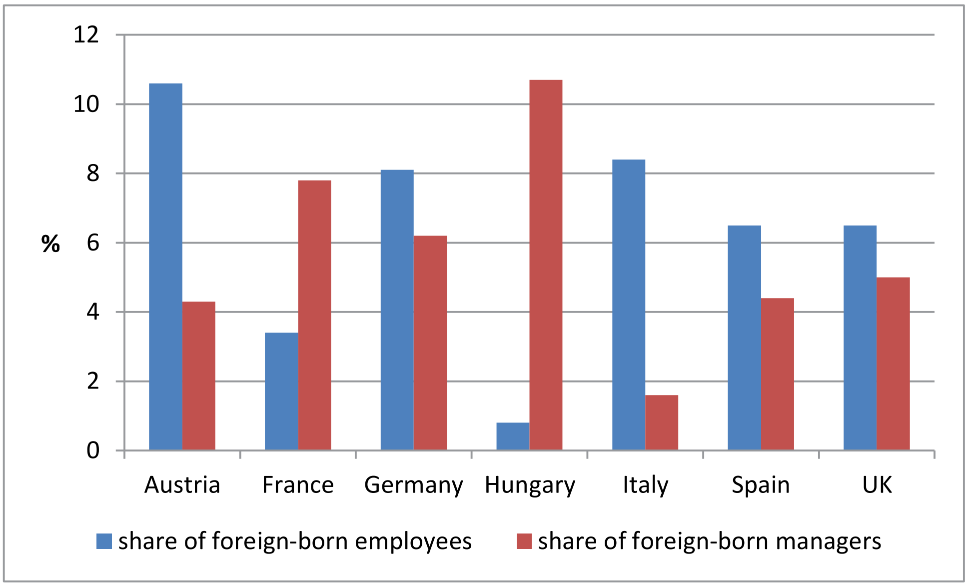
(Jan Brzozowski and Hanna Kelm, Cracow University of Economics)

Immigrants and ethnic minorities have always played an important role in the development of the Western civilization. Many of the intellectuals, artists, scientists, entrepreneurs and politicians who have made a substantial change in our societies, cultures and economies were foreigners, including such important figures as Erasmus of Rotterdam, Frédéric Chopin, Thomas Mann, Andrew Carnegie, Marie Skłodowska-Curie, Albert Einstein, Freddie Mercury, George Michael, Arnold Schwarzenegger and George Soros. With a growing economic interdependence between countries at a global level, the importance of immigrants in socio-economic sphere of most EU member states becomes even more pronounced.

The importance of immigrants and ethnic minorities is especially visible in the private sector, where they are well-known for their entrepreneurial characteristics. Just to demonstrate this effect, let us have a look at the major economic power in contemporary world, namely the US. The Fortune Magazine provides yearly estimates of biggest national enterprises, which are listed on the Fortune 500 list. Among those listed in Fortune 500 list for 2010, 204 firms were established by immigrants, yielding the combined revenues of $4.2 trillion and employing more than 10 million people worldwide (Partnership for a New American Economy, 2011). According to recent report, one out of seven new companies in the UK were created by immigrants, creating 14 per cent of British jobs.
Moreover, the foreign immigrants in the UK exhibit higher propensity to entrepreneurship than British nationals: 17.2% of them start own businesses compared to 10.4% individuals with UK citizenship (Centre for Entrepreneurs and DueDil, 2014). This observation is also valid for the US economy: in average, immigrants (i.e. foreign-born persons) were two times more likely to start a new business, as compared to US-born individuals in 2012. As the result, the share of immigrant entrepreneurs in the US doubled from 13.3 per cent in 1997 to 28.5 per cent of all American businesses in 2014.

Therefore, the significance of ethnic and immigrant entrepreneurship is pronounced not only at the "top" level – in the sector of large, publicly-listed companies, but rather more visible at the lower end of the economic "food chain" of the economy. In the EU and in the US, there are millions of small-scale immigrant businesses which pay taxes and provide income for the entrepreneurs and their families. In the US, all the immigrant business made a net-business-income of 121 billion in 2010, a sum which accounted for 15 per cent of all net-business-income (Bizri, 2017).

Figure 14 Share of foreign-born employees and foreign-born managers in European companies (2009)



Source: Altomonte & Aquilante (2012)

Finally, the importance immigrants and ethnic minorities is visible in non-immigrant family-owned companies across Europe, which also have multi ethnic workforce – a situation which offers both benefits in terms of innovativeness and non-standard business thinking, but also challenges for the traditional company's culture (Figure 1). Therefore, getting a deeper understanding on how the ethnic and immigrant business operate, how immigrants and ethnic minority members impact the traditional family businesses is important both from public policy but also managerial perspective. Consequently, this teaching module aims at developing knowledge and skills connected to the role of the ethnic minority role in family firms development and in its human resources management.

UNIT 9: Immigrant, diaspora, ethnic and minority entrepreneurs: who they are and what they do?

Although the importance of immigrants and ethnic communities in the socio-economic development of host countries has been widely recognized in scholar literature, there is a terminological misunderstanding around those concepts, as the origins of such businesses are not homogenous. Let us start this explanation with the stories of traditional immigrant and minority entrepreneurs who were able to achieve economic success during the dynamic transformation of the world's economy in the 19th century. During this period, both Europe and Americas were undergoing the industrial revolution, a period of very intensive and fast changes of the economic system, in which the entrepreneurial initiative and talent was a key for the business creation, survival and development. In this sense, the entrepreneurial actions were usually perceived as the most sound option for socio-economic advancement in the society, both for the natives and the newcomers.

A typical story in this regard is the example of Andrew Carnegie, one of the most successful American entrepreneurs in the second half of the 19th century. Carnegie was born in simple Scottish family in Dunfermline. His father was a craftsman and entrepreneurs involved in a small-scale weaver businesses. However, during 1840s the country went into the economic decline and Carnegie family was forced to move to Pennsylvania in the US in search for a better life. The economic start in the US for Andrew was very difficult – he initially worked as bobbin boy in a textile mill at a lowest pay, 12 hours a day, 6 days per week. Then he started advancing in telegraph and railroad business, finally being able to accumulate some capital and to invest in steel and iron industry. The business activity in this sector finally made him the wealthiest American in 1901, when he sold his Carnegie Steel Company to JP Morgan. In this vein, Carnegie life is a perfect example of the "successful immigrant myth", symbolized by a proverb "from shoeshiner to a millionaire": a simple blue collar foreign-born worker, who – thanks to hard work, some luck and entrepreneurial spirit was able to attain economic success. Yet, this economic success materialized in a simple setting: in this model, we can see a single first-generation immigrant entrepreneur, who starts the business activity in one host country (the US).

Yet, the road to economic success in this period might had been much more complicated, as demonstrated by famous Rotshild family. Rothsilds have started as a traditional jewish family of merchants and bankers, settling in in Frankfurt am Main in 1530. Only in the 2nd half of 18th centrury the family business expanded into a bank company. A traditional family company has started its expansion in the beginning of 19th century by rapid internationalization, opening branches in London, Paris, Vienna and Naples. Then it turned into one of the first true-global enterprises, financing the construction of Suez channel, oil industry development in Baku, precious stones mining in South Africa and many other businesses.

When the most important destination countries have reached a critical threshold of development in the 20th century, the avenues to fast economic advancement for immigrants through entrepreneurship became more difficult, but still possible – with a notable example of George Soros, currently one of the most successful investors and hedge fund manager, who started as a simple clerk in a merchant bank in London in 1954. Yet, the entry barriers to some mainstream businesses implied the need for an initial human, social or financial capital endowment, which was possible only to few individuals. In this sense, Soros, albeit being a poor immigrant from Hungarian Jewish family, was still able to start his life in UK as a student at the London School of Economics. In comparison, his counterpart from 100 years ago – Andrew Carnegie – had only modest formal education in Scotland, supplemented by own learning efforts on weekends during initial career period in the US. As the consequence, many immigrants either had to adopt different entrepreneurial strategies – entering the less competitive sectors of the economy or adopting some forms of ethnic specialization (see chapters 2 and 3 of this module), or even leaving the entrepreneurial career to their offspring, i.e. members of the second- and former generations (individuals of foreign origin, already born in the host country).

Currently, when we discuss about businesses founded by immigrants, their children and grandchildren, we should describe the following concepts: immigrant, diaspora, transnational, ethnic and minority entrepreneurship. In what follows, we will describe these manifestations of entrepreneurial activities, providing specific examples and explaining the differences between those concepts

9.1. Ethnic entrepreneurship

These are the members of the ethnic group, i.e. a community that has 'a common origin and culture' (Aldrich and Waldinger 1990, 112) and 'is known to outgroup members as having such traits' (Zhou 2004, 1040). Ethnic entrepreneurs are usually small-scale businessman, and they are usually both founders, owners and operators of their own firms. Yet, this category includes not only the foreign-born persons, but also encompasses the second, third and further generations of immigrants originating from a given country, or from a broader ethnic minority. The examples of such broader ethnic categories include Latinos in the US, Asians from Indian subcontinent in the UK, and immigrants from Post-soviet countries (Moldovans Ukrainians, Kazakhs, Latvians etc.) speaking Russian living in most of Western Europe countries.

Ethnic entrepreneurs are active in two types of markets. The first one is the ethnic enclave, a specific subsample of national economy in the host country dominated by co-ethnic community and focused mostly on specific geographical location (in a narrower sense this can be a specific ethnic neighborhood or district). In the ethnic enclave, they simply serve the co-ethnic population, relying on ethnic networks and other ethnic resources. The examples of such businesses are real state intermediaries which rent and sell apartments for co-ethnic individuals, or remittance agencies which transfer funds from migrants to their families at home. The second type of market is pursued by middleman minorities, who operate at the intersection of the ethnic and mainstream markets. Those businessman use their ethnic resources to trade between the host society, their ethnic group and the country of origin (Koning and Verver 2013). They often use their ethnic ancestry as a specific brand to market their ethnic goods (e.g. halal food), or services (e.g. Ayurveda medicine).

Example: Muhammad and his Tangine restaurant

Muhammad (36 years old, country of origin: Morrocco)

Migration experience

Muhammad was born in a poor family in Marrakesh, Morroco. When he was 12, he has lost his parents in car accident. Fortunately, his uncle who was living in Brussels invited him to Belgium and took care of the boy. Mohammed finished high school there, and thanks to financial support of uncle he went to vocational school specialized in cooking. After completing the education, his uncle helped him financially to open a small restaurant in Kuregem, an Arab-dominated district in Brussels.

Current entrepreneurial model

Muhammad is running a very small ethnic restaurant and cafe, specialized in Morroccan cusine. Here you can eat a traditional tangine dishes, drink mint tea, have a Sisha pipe to smoke and eat some sweet baklava for dessert. As most of habitants in the neighbourhood are also Morroccan, his basic clientele are his co-ethnics. He is the chef of the restaurant and has another kitchen helper, and there are 2 waiters. Mohammad uncle Amir (70 years) is his main business partner, co-owner of the restaurant and is responsible for financial matters (mostly book-keeping).

According to aforementioned classification, Muhammad is an ethnic entrepreneur, as his business is operated in an ethnic district, he relies mostly on the work and cooperation of his family members and other members of the ethnic group, offers typical ethnic goods (food) and serves his co-ethnic clientele.

Source: own elaboration

Both of those forms of ethnic entrepreneurship are usually depicted in literature as a demonstration of necessity-based entrepreneurship. This means that they are as a survival strategy used by the individuals who are driven to entrepreneurship because of no other economic alternative. Consequently, those entrepreneurs have to rely on the social capital of the ones' ethnic group (Drori, Honig, and Wright 2009). The access to ethnic networks provide a kind of the obstacle which secures the ethnic markets and limits the entry of outsiders. Yet, there are also some weaknesses of this approach. Ethnic entrepreneurs have to accept fierce competition, small profit margins, limited growth perspectives, long and harsh working conditions (Rath and Kloosterman 2000), while the more successful immigrant enterprises might lose their ethnic mark and get incorporated into the mainstream economy (Zhou 2004).

9.2. Imigrant entrepreneurship

Immigrant entrepreneurs are simply the foreign-born individuals who start business activities in a host country. In this sense, compared to ethnic entrepreneurs, immigrant entrepreneurship includes only more recent immigrants. Some of them can start their businesses in the ethnic enclave, using the ethnic resources at the early stage of their firm development. Yet, in the literature on immigrant entrepreneurship it is stressed that this businesses tend gradually – in the later phases of the enterprise development - to forget about the ethnic brand, consequently trying to enter the mainstream markets in the host country, competing on equal terms with the native entrepreneurs (Brzozowski, Cucculelli and Surdej, 2014). Yet, it is unclear how immigrant entrepreneurs develop their businesses as compared by native population. On one hand, there are studies which claim that immigrant businesses fare better than the firms owned by non-immigrants. In this aspects, the immigrant entrepreneurs are positively self-selected from the population in their countries of birth, as they are highly skilled, have better educational background and they are endowed with entrepreneurial competences. They are willing to take risks, are highly innovative and can exploit possibilities that native entrepreneurs do not see or are afraid to make use of. The access to ethnic (i.e. social linkages between other immigrants from the same ethnic group in a host country) and transnational migration networks (i.e. social contacts with the home country) facilitates import/export activities, which, in turn, enables the further growth of immigrant enterprises.

Example: Natasha and her elderly care firm

Natasha, 39 years old (country of origin: Belarus)

Migration experience

Natasha was born in Hatejino, a small village near Minsk in Belarus. After completing the vocational education, she started working in textile factory in Minsk. Then her colleague from high school offered her a job of a caregiver and cleaning maid in the house of the elderly Italian citizen in Bologna. Although this was a very difficult and also moonlighting job, Natasha found this occupation very profitable. She has worked as a caregiver and a cleaning maid for several years: first in Italy, then she moved to Germany. She became a friend of one of her clients. As this old gentleman had no family, he left her all his property after his death. With this initial capital, she started her firm in Berlin. Natasha is single and has one daughter (19 years), who helps her in the enterprise.

Current entrepreneurial model

Natasha is currently running a small firm (ca. 10 employees) specialized in cleaning and care services in the households of the elderly in Berlin, Germany. She is mostly employing immigrant women, not only from Belarus, but mostly from CEE countries: Poland, Romania, Ukraine and Slovakia.

According to aforementioned classification, Natasha is running an immigrant firm.

Source: own elaboration

On the other hand, there are some scholars who claim that immigrant entrepreneurs have worse economic perspectives than the non-immigrant businessmen. They are pushed to self-employment and survival-oriented entrepreneurship, driven by poor employment perspectives in host country. Their upward socio-economic mobility is limited, as they lack country-specific human capital (including language skills) and social capital (social networks, including business networks). Moreover, they face the problems of access to financial capital, as official institutions perceive them as risky clients. Finally, they might face discrimination from the native customers. All these factors have a negative impact on their economic performance.

9.3. Minority entrepreneurship

This is a more general concept which encompasses not only ethnic and immigrant entrepreneurs, but also many other categories of individuals who belong to "minority". Minority is a traditional sociological term which stresses the risk of the social marginalization and often the discrimination suffered by a given category of population from the majority of society. In this sense, the minorities encompass women, ethnic, racial but also sexual minorities. Traditionally, ethnic minority include individuals from the group which is considered as well-adapted in cultural terms, but still is threatened by socio-economic exclusion or marginalization. The most typical ethnic minority in the EU are the individuals from Roma community, while in the US these are Afro-Americans.

Example: Selena and her Tatar farm

Selena, 65 years old (country of origin: Poland)

Migration experience

Selena was born in small village in northeastern Poland, in a traditional Tatar family. Tatars are an ethnic group of Turco-Mongol origin, who have settled in Eastern Europe from 14th century onwards. This group, albeit highly integrated in Polish society has retained its cultural heritage, including Islamic tradition. Selena, after having studied history at Warsaw University, has decided to come back to her home village. She runs an agritourism farm with her husband.

Current entrepreneurial model

Selena and her husband are running a agritourism farm including small Bed and Breakfast, a traditional Tatar restaurant and events for tourists (visits in a Tatar mosque, cartload trips and horse rides). With the increased fashion in Poland for more traditional, close-to-nature tourism, their firm is bringing a reasonable profit.

According to aforementioned classification, Selena is a minority entrepreneur, as she the main marketable item of her enterprise is the Tatar cultural heritage, including music, customs and – most important – Tatar food.

Source: own elaboration

9.4. Diaspora entrepreneurship and transnational diaspora entrepreneurship

Diaspora entrepreneurship consists of the businessman of an ethnic group which is dispersed from the traditional homeland (usually home country, but there are diasporas without a nation states, for instance Kurds and Sikhs) into different geographical locations. Diasporans can be either individuals from the first (foreign-born) and former generations (individuals born already in the host hountry or in another country than their homeland). The main difference between diaspora entrepreneurs and ethnic entrepreneurs is that in the first case they are connected through socio-cultural diaspora networks. That means, that in spite of the dispersion of the group, diaspora members maintain active connections between each diaspora centres in different countries (for instance Jews in New York with Jews in Buenos Aires) but also in the same countries (for instance Turks in Cologne with Turks in Berlin). When such transnational networks are used for the business purposes, we talk about transnational diaspora entrepreneurs, while diaspora entrepreneurs are just members of dispersed group which have a potential access to such network resources, but do not use them in their economic activities.

Example: Paulinho and his capoeira school

Paulinho, 43 years old (country of origin: Brazil)

Migration experience

Paulinho was born in Araucária, southern Brazil. After a secondary school, he stared university education and received a scholarship to study in Spain. During his studies in Europe, he met a girl from Colombia and decided to stay in Europe. He did not manage to complete the MA, but one of his Brazilian colleagues from university has arranged for him a summer job in the UK. He decided to stay permanently, working initially as a storekeeper, then as a waiter in a restaurant. Then he has married a British girl. They have two children. Thanks to marriage with the British citizens he was able to legalize his stay in the UK and obtain a loan to start his own business.

Current entrepreneurial model

Currently Paulinho is running a successful enterprise - a school of capoeira (traditional Brazilian dance - mixture of martial arts and folk dance) in Liverpool. Most of his clients are young British citizens and foreign students who live in Liverpool. He is directing the school, training the more experienced pupils and maintaining contacts with other capoeira associations in Europe. He is employing 2 trainers - both from Brazil, he also hires temporary highly-skilled trainers (Mestres and Grão-mestres) for short-term stays, which include shows and specialized courses. His pupils take part in Capoeira competitions in Brazil, but also in other centres of Brazilian Diaspora.

According to aforementioned classification, Paulinho is a diaspora entrepreneur, as he uses the diaspora resources (short-term mobility of Brazilian trainers, cooperation with other capoeira schools located in various centres of Brazilian diaspora).

Source: own elaboration

9.5. Transnational immigrant entrepreneurship

Transnational immigrant entrepreneurship implies immigrant (i.e. first generation of individuals who are foreign-born) business engagement not only in the host country, but also in the country of origin. Thus, TEs are peculiar immigrants, namely the 'social actors who generate networks, ideas, information, and practices for the purpose of seeking business opportunities or maintaining businesses within dual social fields' (Drori, Honig, and Wright 2009, 1001).

Ezample: Rajesh and his ICT company

Rajesh, 34 years old (country of origin: India)

Migration experience

Rajesh was born in New Dehli in upper-middle class family. After the education in a private college in India, he decided to continue tertiary education in the US. He graduated in Computer Science program at Caltech, and decided to stay. Initially he was working in several ICT companies in Silicon Valley, then he moved to San Francisco when he met his current partner (Paulo is an artist specialized in modern art photography). Together they have decided to start a new business: Paulo contributed with financial capital, while Rajesh with his technical experience and know-how. Although the parents do not accept his involvement with Paulo, he remains very attached to them and visits his mother 6-7 times per year. Moreover, he keeps the contact with India alive as the branch of his firm is located in Bangalore and he must supervise the activity of his team there.

Current entrepreneurial model

Currently Rajesh is running a small ITC company specialized in delivering ICT solutions and programs for art galleries. According toAlbeit small in the number of employees (apart from Rajesh who is both managing director and main IT specialist, in the headquarters of the firm in San Francisco there is another IT specialist and a secretary), the scope of operations is global: the firm has clients in Western Europe, the US and Canada, Australia, Russia and Japan. The main competitive advantage is the reliability, elasticity of the company and quick reaction to clients needs (in this sector almost every client has different expectations, moreover the modern art market is highly volatile in terms of trends and requirements). Rajesh is able to be successful mostly due to his connection with the home country: he has outsourced most of work to Bangalore, when he employs a group of 12 Indian IT workers. His competitive advantage is the knowledge of soft skills – most of the artists are unable to communicate in technical language: in such situation, Rajesh constitute a bridge between typical "computer nerds" and modern artists.

According to aforementioned classification, Rajesh is a transnational immigrant entrepreneur, as he is able to conduct his operation across international borders: both in the US and his home country (his company has two branches – one in San Francisco and the other in Bangalore), but also on various international locations.

Source: own elaboration

The main difference between transnational immigrant entrepreneurship and transnational diaspora entrepreneurship is the bilateral nature of former, and multidimensional of the latter concept. Transnational entrepreneurship and transnational economic engagement both in host and home countries offers an alternative form of socio-economic integration for immigrants, which potentially means that some of those individuals might never fully assimilate into new societies and could retain double identities.

9.6. Refugee entrepreneurship

The current political crisis in the MENA region and the internal war in Syria have both contributed to a substantial magnitude of refugee flows. Most of the Syrian refugees have moved to neighbouring countries: Jordania, Lebanon and Turkey. Still, a considerable number of refugees from the Middle East have been gradually accepted to the EU countries from 2014 onwards (Byman, & Speakman, 2016). With this new inflow of politically-driven migrants a public debate on the socio-economic consequences and costs of admiting refugees in the Member States. Thus, among few posivitive outcomes of such inflow the entrepreneurial activities of refugees are presented. Consequently, refugee entrepreneurship is in the spotlight of journalists, experts and policy-makers, becoming one of the most popular and „fashionable" topics in debates on the consequences of migration crisis in the EU.

Refugees are the persons who flee from war, oppresion or persecution and are forced to cross international borders, unable to return to their home country. The more formal definition of a refugee in Geneva convention from 1951 stresses additionally that this movement has to bec caused by „well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion". Therefore, in a formal sense not all politically-driven migrants or displaced persons are formally recognized as refugees or granted asylum in a host country. Yet, irrespectivelly of the adopted definition we could clearly see that refugees differ substantially from migrants, who leave their country looking for better economic opportunities.
Actually, having in mind the typical „clichés" of refugees, fleeing in masses from Rwanda, Afganistan or Syria it is hard to imagine that such individuals could ever become entrepreneurs. After all, many of them have lost close family members not to mention the personal wealth, therefore very often their health condition is in poor condition. In many occasions, they need long time to adapt to a new environment and forget about the war trauma, and to start new economic activity at the destination.

Yet, surprisingly often refugees become entrepreneurs. Of course, their entrepreneurial attributes differ substantially from typical immigrant entrepreneurs. On the negative side, they usually lack financial resources or have to cope with the war trauma or the atrocities of ethnic persecutions at home. This is obviously a serious obstacle in a business creation. Still, refugees possess a set of advantages over the immigrant entrepreneurs. The most obvious is 'one-way-ahead' attitude (Bizri, 2017): as they do not have a place to return to (at least in the nearest future), their motivation to stay at the destination and become economically successful is usually higher than in the case of typical foreign-born individuals who have other alternatives for economic subsistence.

Example: Mamed and his car repair shop

Mamed (38 years old, country of origin: Chechnya)

Migration experience

Mamed was born in Chechen Republic, which is now a part of Russian Federation. He has fleed his home country during the First Chechen War (1994-1996). They have been granted a tolerated stay status in Poland, and afterwards they moved to Bielefeld in Germany, where the cousins of his father lived. Upon his graduation from vocational school in Germany, Mamed started working as a taxi driver, driving a cab car of his uncle Ali.

Current entrepreneurial model

Mamed is currently running a small car repair shop in the ethnic district in Dusseldorf in Germany. The shop is located in immigrant neighbourhood dominated by Afganis, Chechens, Arab and Turkish migrants. He is managing the firm and repairing cars, helped in this second obligation by his two younger brothers. Their parent is responsible for book-keeping. According to aforementioned classification, Mamed is a refugee entrepreneur.

Source: own elaboration

The second asset is the strong commitment, sense of ethnic solidarity and moral obligations toward co-ethnic peers in a refugee community at a destination. In her monographic study on refugee entrepreneur from Syria who has estabilished a successful restaurant in Lebanon, Bizri stresses the strenght of two-way, reciprocital social capital within the rufugee enterprise. For instance, the owner of the enterprise was able to lend money to a waiter who needed to pay for the hospital treatment of his mother. But at the same time, when the owner was in a desperate situation as the main current generator was broken and the refrigerators in the storage room were not working, the same waiter has borrowed a generator from his brother and set it in the restaurant for the period of repairs. As in this case all employees in the restaurant were Syrian refugees, the whole enterprise worked more like a family firm, in which a sense of solidarity and personal commitment is one of the key factors for the entrepreneurial survival (Bizri, 2017).

Case study: Local Cultural Center. Immigrant, ethnic and minority entrepreneurship
Teacher's package

Teaching notes:

Local Cultural Center is a multi-party meeting exercise among members of a local community. This exercise is designed to highlight the differences and connections between immigrant, ethnic and minority entrepreneurship.

Main goal of the exercise: Revision of the theory for module IO4 (point 1)

Background: Local Council of a medium sized city announced a competition to rent a place in the Local Cultural Center. The priority of renting the premises is provided for immigrant, ethnic and minority entrepreneurship. There are two candidates who are going to compete for the place. The candidates are going to present their business plans before the Council and the Council has to make a choice according to defined criteria.

Mechanics:

Time required: preparations: 30min, then presentation in front of the council: 10min (each candidate). After the presentations questions from the council: 15min, then the decision making: 10min. Finally, the summary of the exercise and discussion: 30min.

Group size: minimum 6, maximum 12 persons

Materials: instructions for the Local Council, Instructions for Nuan, Instructions for Ji-hoon

Procedure:

1. Explain the background (scenario) for the exercise
2. Divide participants into groups:
   - one person for the role of Nuan (+ 1-2 students to help her with preparation)
   - one person for the role of Ji-hoon (+ 1-2 students to help him with preparation)
   - rest of the group as the Local Council
3. Distribute the instructions and ask the participants to read them carefully (10min)
4. Answer the questions if any
5. Ask the participants to prepare: presentations of the bidders (Nuan & Ji-hoon) and criteria for selecting the winner (Local Council) - 20-30min
6. Make a draw among the bidders, who is going to be the first to perform in front of the council.
7. Run the presentations (10min each)
8. Allow the questions from the Local Council to both of the bidders
9. Let the Local Council vote on the best bidder
10. Announce the results
11. Debrief

Instructions for Nuan

Your name is Nuan, 22 yrs. old and you are a Chinese immigrant who came to UK five years ago to study art. You come from a wealthy Chinese family who was able to sponsor your studies, but once you have finished your degree, you family asked you to come back and start your professional life in your hometown. You are very well integrated into the local society, have a lot of friends and you generally love living in the city where you have studied. You do not intend to go back to China, although you surely miss your family. In response to you refusal your family decided to stop financing your stay abroad. In those circumstances you have to start generating income ASAP.

As an artist and a person of Chinese origin you are especially interested in Chinese painting techniques and calligraphy. Those techniques are unique for your country and you are managing advanced skills in this area as you have been learning them since your childhood. You have an idea for running your own business where you could teach those techniques to a different groups, especially children, women and elderly people. Brush painting and Chinese calligraphy has proven to be very beneficial for developing the ability to focus one's attention, improve handwriting and as a relaxation technique. It is also considered as a supportive therapy for curing diseases such as ADHD and autism.

Unfortunately you have close to no capital to start your company. All you can afford is the materials for painting (brushes, ink, paint, paper, canvas etc.) but there is no way you could rent any space for your business. Moreover if you don't hurry your scarce financial resources are going to finish.

You think that the only chance for you to start your business is to take part in a bid organized by the Local Council to rent a space for your workshop at the local cultural center. The Local Council is planning to rent the space for free on a condition that activities held there are going to be focused on immigrant, ethnic or minority entrepreneurship.You are strongly convinced that you fit those requirements. Moreover you are planning to import original materials for your workshop from your cousin living in China.

Prepare a 10min presentation for the Local Council to convince its members that you should get the place. You may ask one or two of your friends to help you with the preparations. Decide what kind of business you are going to run (ethnic, minority, diaspora, migrant, or maybe more than one type). List the characteristics of each type and use it as the arguments before the Council.

Instructions for Ji-hoon

Your name is Ji-hoon and you are Korean living in a medium sized city. For years you have been a successful table tennis player, but five years ago you had a very serious car accident and as a consequence you lost your legs. After the accident you have been facing severe depression and you even had a suicidal attempt. Luckily your family send you to a therapy where you met new friends. They taught you how to play role-playing games (RPG) and board games. After a while you became an expert and you have even designed your own board game, which was a huge success in the country. You regained your self-confidence and became a well-known propagator of RPG and board games in your city.

As to you financial status you are receiving a modest disability pension and living with your parents, who support you as much as they can. A year ago you met the love of your life and now you decided to start your life together. Moreover you have just learned that your girlfriend is 2 months pregnant. You are crazy with joy but as a responsible young man you think it is high time to move from your parents and start living with your brand new family. Therefore you feel urged to find a decent source of income.

Lately you have learned than the Local Council is organizing a bid for renting a space at the local cultural center. The Local Council is planning to rent the space for free on a condition that activities held there are going to be focused on immigrant, ethnic or minority entrepreneurship.

You strongly believe this place would be perfect for you to start your business. You have a business idea for opening a local game center where people from your city could come during the cold and rainy days (in fact most of the days are cold and rainy here) and spend time together learning how to play and playing with each other. You would like this place to offer something for everyone starting with games like chess or backgammon and ending with your beloved RPG.

Prepare a 10min presentation for the Local Council to convince its members that you should get the place. You may ask one or two of your friends to help you with the preparations. Decide what kind of business you are going to run (ethnic, minority, diaspora, migrant, or maybe more than one type). List the characteristics of each type and use it as the arguments before the Council.

Instructions for the Local Council

You are organizing a bid for renting some space at the local Cultural Center. Your priority is to rent it to somebody who is going to engage in ethnic, migrant or minority entrepreneurship. You will be meeting with two bidders, who are going to make a short presentations in front of the Council and you have to decide which offer is more suitable for you.

List the characteristics of ethnic, migrant and minority entrepreneurship and according to this list, set the criteria for making a choice between the bidders. Decide on the evaluation system for the bid. Prepare a list of questions you are going to ask each of the bidders.

Debriefing

Debrief the exercise. The debriefing may include the following questions to elicit discussion on the topic:

- Local Council:
  - How did you define the criteria for making a choice between the bidders?
  - What was you evaluation system for the bid?
  - Which entrepreneurship concepts did you discover in the presentations (ethnic, migrant or minority entrepreneurship)?
- Nuan & Ji-hoon:
  - Which entrepreneurship concept did you present? Why? List the characteristics of the entrepreneurship concepts you were presenting.

Source: own elaboration

UNIT 10: Immigrant entrepreneurship: structural constraints and opportunities

The individuals from ethnic groups or minority groups are usually in a handicapped position in relation to the natives, due to the lack of resources. On average, they have lower amounts of financial capital, lower human capital endowement (including lower levels of education), lower cultural capital stocks (including such issues as proficiency in a dominant/official language, knowledge of mainstream norms & habits) and lower social capital. This final form of capital is of a particular importance, as its avaliability can compensate for the shortages in aforementioned forms of capital. Knowing "the right people" can help an individual to get a loan, find a satisfactory job in spite of one's skill shortages, sign a profitable contract, or acquire special goods or services at a modest price.

10.1. Structural and relational social capital influence and network benefits

The recently-arrived immigrants usually do not have much conntacts with the representatives of the receiving society. Yet, they still have some insertion into a host country due to the migration and ethnic networks. The migration networks are those ties which connect an important destination centre and the sending region. Thus, migration networks are limited geographically: they do not connect countries, but rather separate locations within those countries. Such migration networks firstly facilitate international mobility: their members are able to gain crucial information on the socio-economic conditions in host country, but also enables them to get a job, find a cheap accomodation, facilitate travel arrangements and administrative issues (for instance: obtaining visa, enabling regular stay in a host country etc.). But the networks work in both directions: people transfer not only information, but also provide goods and services from the source country to host country and vice-versa.

Below you can find two examples of migration networks and their impact on both locations: the one in host country (at the destination) and the other one in home country (at the origin). Both of them are connected to small-scale entrepreneurial activities: the first example describes the „matching" behaviour of self-employed female cleaning maids, who provide house cleaning services in the Boston metropolitan area. The second example shows the (semi-legal) trading activities of Polish immigrants in the US, who sell the used cars in Poland.

Example: Intrategional Job matching: the case of clearing services in Boston (US)

The household services sector is usually dominated by informal practices: most of the employees are at least partially working irregularly due to tax evasion. In such a case, the market is often dominated by immigrants, who adopt a short-term migration strategy, aiming at a fast accumulation of capital and subsequent return to home country. Yet, the linkage between the employer and employee is complicated. On one hand it is based on mutual trust: both parties are interested in keeping the provided service secret. On the other, there is a suspicion whether the formerly unknown person can stay in our home while we are out and do the cleaning. Therefore, once the reliable provider of household services appears, the employers are unwilling to change such person.

This mechanism is used in the case of Brazilian female immigrants from Governador Valadares, who have dominated the market of cleaning services in Boston metropolitan area. Due to rich and dense network channels linking the Governador Valadares and Boston, it is very easy to find a job in cleaning services in the US. Yet, such job availability occurs only for the insiders. The procedure known as "house selling" is very simple. The female worker usually stays in the US for ca. 6 months. Then she returns home. 2 months before homecoming, she posts the announcements in a local newspaper in Governador Valadares, indicating that she is selling a house in Boston. Of course this is a fake announcement: she is not selling a real estate, but a job place. The new immigrant has to pay for the job (usually the price is one month salary). Then the experienced immigrant explains to her employee that she has to go back to Brazil, but her cousin can replace her. The new and old cleaning maid work together for the last month, which is a kind of apprenticeship – a new worker is learning about the house obligations, tasks and habits of the employer. Then after the 6 months the procedure is repeated.

Source: own elaboration based on Fusco (2005)

Example: Intraregional market for used cars: the case of Nowy Targ (Poland) and Chicago (US)

A middle-size city of Nowy Targ (population of ca. 35 thousand persons) in the southern Poland each year changes into the crowded quasi-metropolis during the Christmas period (mid-December to first week of January). The usually empty streets of Nowy Targ are then congested with heavy traffic, and – surprisingly – many of the cars are American SUVs with American plates on it. Nowy Targ and the surrounding area (Podhale region) is well-known for intensive external migration to the US, and dense migration network links the city with Chicago metropolitan area. During the Christmas time, many of immigrants come to home city to have holidays and visit the family members who have remained in Poland.

But what about the cars with American plates? Are these the cars of immigrants, who just want to impress their families with their wealth while making a visit to home country?

No, this is just a business. And a family one.

It is well-known that cars in the US are much cheaper than in Europe. In the case of luxury cars, this price differential is even more pronounced. For instance, a basic version of Toyota Rav4 in the US is 24 thousand dollars, while in Poland it is ca. 31 thousand. But even after considering the price of the transportation, buying a new car in the US for a private import to Poland is not profitable due to high customs cost.

Yet, the immigrants know a way to handle this issue. The procedure is simple: a client in Poland (usually a member of the immigrant's family) orders a specific model of the car in the US. The immigrant buys a car and uses it for one year. Then the car is shipped by immigrant to Poland for the Christmas time. Immigrant picks the car from the harbor, drives the car to Nowy Targ and hands it over to the client. In order not to pay taxes, two special agreements are signed: 1. The sales contract, entering in force in 1 year 2. The loan contract, in which the immigrant declares a definite return to Poland – in such a case all the goods brought from abroad are tax exempt.

For one year, the buyer is "borrowing" the immigrant car, "to settle administrative matters for return migrant", then after 12 months the sales contract enters in force. This whole process requires of course mutual trust on both parties and it is possible for the insiders who are the members of the migration network.

Source: own elaboration.

The ethnic networks are the linkages within the ethnic community at the destination, which facilitate the entry on the job market, give access to special services avaliable only for the members of a given ethnic group and provide mutual support for the ethnic community at a given location. Below you can find two examples of ethnic networks, both of them connected to entrepreneurial activity of immigrants: the first one is the informal real estate agency, while the second one is the undergroung banking system for immigrants.

Example: Accommodation for immigrants and ethnic ghettoization

The phenomenon of ethnic ghettos exists basically from the beginning of the migration history. Chinatowns in the US, German villages in Latin America, Turkish districts in Germany and Arab districts in France are the most typical examples of such ethnic clustering. The name "ghetto" bears obviously a stigmatizing value, suggesting that such geographic concentration of persons from the same ethnic group prevents socio-cultural integration and greatly contributes to marginalization of immigrants in a host country.

Yet, there are also sound economic reasons for immigrant from the same group to cluster together. One of the most obvious ones is the access to cheap accommodation.

Kerim who lives in Cologne, Germany runs a successful, albeit mostly irregular real estate enterprise for his Turkish co-nationals. Many of recent Turkish immigrants who start working in Cologne do not have initially enough funds to pay a rent for a normal apartment. Moreover, even some more successful Turkish migrants are unwilling to leave the Turkish districts, also due to discriminative practices from the side of the owners of non-ethnic apartments. Kerim owns dozens of apartments in a Turkish district in Cologne. Some of them are normally rented on a legal basis, while others are transformed into semi-legal cheap hostels for the poorer migrants. Such persons only pay for a room, or even for a single bed in a dormitory.

You will not find any announcements of Kerim's cheap apartments on the web portals or in the newspapers. The only way to get know about his accommodation offer is to visit a local mosque and ask imam. Imam is the cousin of Kerim: if you are a trustworthy person, you will get his phone number. As a devout muslim, Kerim is not exploiting his clients (which unfortunately is quite common among in the ethnic districts) and charges fair rent.

Source: own elaboration.

Example: Supporting ethnic entrepreneurs through rotational credit associations

Lee's road to entrepreneurial activity was not easy. Born in the family of Korean immigrants in New York, he started to work in a power station as a technician. He always wanted to start his own business, but was never able to raise the capital. But one day his prospects for own business became brighter: he was invited by his aunt to join the local kye.

Kye in Korean, Hui in Chinese and tanomoshi in Japanese are all informal loan clubs, in which the capital can be quickly obtained for those who have no access to a bank loan. The loan agreement is not formalized: there are no documents, no signatures – just mutual trust and the issue of personal honor, very important for Asian culture.

A kye club in which Lee is involved, was organized by Lee's aunt Dukjoo – the Hui master. There are 15 members of the club: each of them pay 1000 $ each month. Each month the club members meet to determine who will take the monthly pool – 15000 $. The first kitty was taken by the Dukjoo and it was free of interest, because this is the priviledge of the master. The allocation of further 14 pools is determined through a "secret auction" – each of the club members has to bid secretly the amount of interests they are willing to pay. Some of the members are entering the club as investors only, earning on interests paid by those who borrowed money.

Lee has "taken the pool" several times, as the club is running the activities for the last 6 years (each time the 15 month period ends, the members decide to renew the club activity). This source of financing is crucial for developing his Kimchi kiosk: a small take-away restaurant, which serves traditional Korean food.

Source: own elaboration.

10.2. Push factors towards entrepreneurship: segmentation of labour market and brain waste

The economic insertion of ethnic minorities and immigrants at major host countries (Northern America, Western Europe, Australia and Gulf States) depends mostly on the economic structures they in those destinations. In most developed countries the labour market is extremelly homogenous, and the major demand is included in selected sectors only. Many of the sectors which offet new jobs are found less attractive for the native workers, due to hard working conditions, low pay, high instability of occupations, and low social prestige. These are mostly household and care services, construction, hospitality, agriculture and healthcare sectors. Many of theare even called 3D-jobs (meaning: difficult, dull/dirty and dangerous) and include such positions as taxi drivers, caregivers, waiters, house maids or janitors. As the natives are unwilling to take such positions, these shortages are often filled by immigrants.

This is overrepresentation of immigrants in 3D-jobs is due to a set of reasons. First, immigrants are often interested at finding any sound employment to get a "foothold" at destination, hoping to improve their situation after the initial phase of the employment. Second, immigrants have often short-term migration strategies, aimed at a rapid accumulation of financial capital and subsequent return to home country. Therefore, they are often willing to take some sacrifices at destination, in order to improve their socio-economic situation at home after reemigration. Third, many foreigners migrate invoruntairly, as they are forced to international mobility due to external factors. The most visible example of such movers are the refugees, including individuals who seek protection while fleeing the recent war in Iraq and Syria. Such persons are highly motivated to get any occupation in order to make up for living, as they hope that in a longer run the return to a home country would be possible. Fourth, many immigrants and members of ethnic minorities are affected by discrimination on the labour market. This effect is mostly visible in the case of visible ethnic minorities, which due to external characteristics (physical appearance, way of dressing) can be identified as external to the "traditional" native population. Fifth, many of the representatives of minorities are poorly equipped in country-specific human and cultural capital. This means that they are lacking some skills which are valued and properly renumerated by the employers in the host country. For instance, many recent Syrian refugees, albeit often tertiary educated, are unable to speak German or English. Moreover, their university diploma is usually non-compatible to the ones which are accepted in the EU. Consequently, there is no surprise that many Pakistani or Syrian doctors work at positions which are not compatible with their original qualifications.

This last issue is connected to the phenomenon of brain waste. Brain waste is a situation, in which the formal skills learned by an immigrant are not used in a workplace at destination. If such situation is sustained for a longer period of time, it might lead to serious negative consequences. First, the mental condition of the worker can deteriorate, due to growing frustration with poor pay, unsatisfactory working conditions and low development and advancement possibilities. Second, as the knowledge utdates rather quickly, the deskilling process takes hold. This means, that the overeducated for a given position individual gradually looses one's skills. In such a case, a threat of the vicious circle of social marginalization is created.

The most common solution to these problems faced by immigrants on the labour market in a host country is self-employment or small-scale entrepreneurship. The borderline between those two forms of economic activity is not always clear. Self-employment includes several forms of economic actions. The majority of self-employed persons can be presented as small business owners, but this group includes both self-employed own-account workers and the self-employed with employees. The self-employed own-account workers category encompasses both fully-independent owners who have full independence at work, and de facto employees (Dale, 2015). Thus, for instance, an immigrant construction worker can become self-employed when the corporation who employed him decides to introduce a more flexible employment system to save on payroll taxes (Ambrosini, 2013). The definition of self-employed persons with employees is also blurred, as many immigrant businesses are in fact, family firms which do not report the work of family members.

Self-employment and small business ownership are usually considered as identical with entrepreneurship (Langlois & Razin, 1995; Szarucki, Brzozowski & Stankevičienė, 2016). Still, the real meaning of entrepreneurship is the ability to perceive economic opportunities and involves the risky behaviour (Gartner, 1990; Constant, 2009), which brings change and innovativeness (Dale, 2015). Consequently, not all small business owners must be real entrepreneurs – if they conduct their activities in a reserved and conservative way. This is the case of many self-employed immigrants who operate in the ethnic enclave. On the other hand, the immigrants who are real entrepreneurs carry out their business activities in more competitive settings, usually in the businesses located in the mainstream economy.

Irrespectivelly of this terminological ambiguity, immigrant entrepreneurship is often portrayed and often advertised as a sound economic strategy, enabling higher income for immigrants and their families. Yet, there is some uncertainity how the immigrant business fare as compared as to non-immigrant businesses.

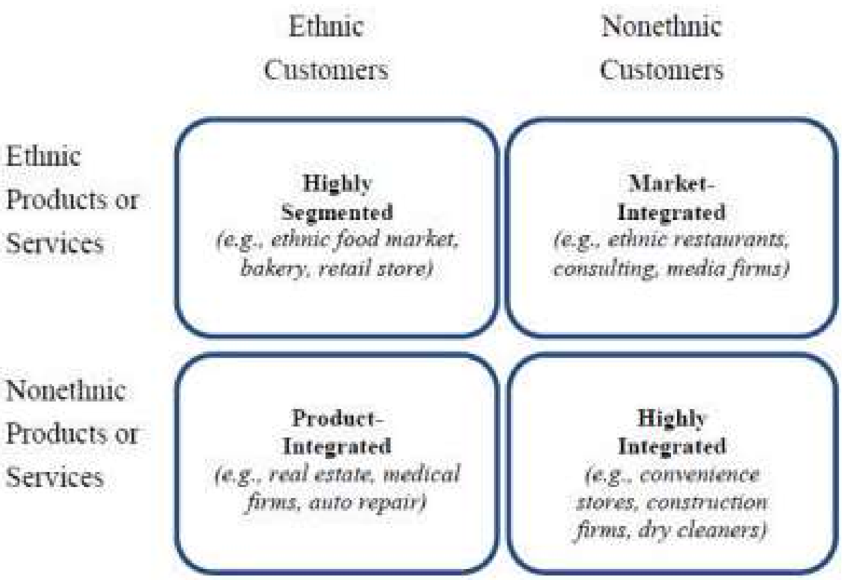
The proponents of underperformance hypothesis claim that immigrant entrepreneurs have lower economic perspectives than the non-immigrant businessmen. They are pushed to self-employment and survival oriented entrepreneurship by the unfavorable employment and labor market conditions at the destination. They miss country-specific human capital (including language skills) and social capital (social networks, including professional ties), their borrowing avaliability is limited and they often face discrimination (Neville et al., 2014). These deficiencies are visible even among second-generation immigrant entrepreneurs and have a negative impact on their economic activity (Beckers and Blumberg, 2013).

10.3. Pull factors towards entrepreneurship: exploring new opportunities

The proponents of superior performance hypothesis claim that immigrant businesses are more profitable than the firms owned by non-immigrants. In such a case, immigrants are positively self-selected from the home country population. These are individuals who are highly endowed with human capital and entrepreneurial capacities. They show a higher propensity to risky economic decisions, taking the advantage of the possibilities that native entrepreneurs do not see or are afraid to make use of. Therefore, they exploit some underserved markets such as ethnic market, or are able to expand internationally, opening branches in the home country. Especially the access to ethnic and migration networks places immigrant entrepreneurs in the advantageous position, and facilitates import/export activities, which in turn enables the further enterprise growth.

Ndofor and Priem (2011) claim that superior performance (overperformance) and underperformance hypotheses (described in a previous section) must not be mutually exclusive: the unskilled immigrants often chose self-employment in an ethnic enclave as the alternative to the poorly paid jobs in the secondary labor market, while the highly skilled immigrants run more successful forms of entrepreneurship in the dominant market. The ethnic enclave strategy does not necessarily imply poor performance of the immigrant enterprise, but for its success requires “strong ties of social capital within an immigrant community, because social capital maximizes the benefits of coethnic advantage” (Ibidem: 798), while the economic success of the firms that adopt dominant market strategy depends on immigrant’s access to the host country’s human and economic capital.

Figure 15 Typology of immigrant entrepreneurship



Source: Curci and Mackoy (2010)

Curci and Mackoy (2010) provide an inspiring typology of immigrant entrepreneurship, relating the type of business with its development potential (Figure 15). This classification consists of four basic categories of businesses: highly segmented, product-integrated, market-integrated and highly integrated ones. Firms from highly segmented sector present ethnic goods and services and, serving their co-ethnic customers. Highly-segmented firms consist mostly of ethnic restaurants and shops: the development of such enterprises is slowed down by the size of ethnic market and greatly depends on the growth potential of ethnic community (see example below).

Example: Shrinking ethnic market: a challenge to entrepreneurs

Highly segmented firms constitute a promising business project at the beginning of the immigration wave, when the new immigrants from the same country tend to cluster together in same locations. For instance, many Poles who migrated after 2004 to the UK miss traditional Polish beer, cottage cheese, pickled cucumbers and many other traditional ethnic types of food. Consequently, in the Polish districts in London, Liverpool and Manchester typical Polish grocery shops have been founded, in which such ethnic products can be purchased.

Yet, the same Polish grocery shop are a declining business in the US and Canada, where the Polish diaspora centers is scarcely rejuvenated as few young people in Poland are interested to migrate to Northern America. Consequently, the traditional Polish districts undergo gentrification, moreover older migrants who are wealthier tend to move to more attractive locations. Typical ethnic Polish enclaves like Jackowo ("Polish Village) in Chicago are now becoming multiethnic, as habitants of Polish origin move to western parts of the metropolis, and in their place Latino population is moving in. Consequently, in such areas highly segmented shops or service provides either have to reorientate towards new ethnic clientele (in this case – from Puerto Rico), or to close down.

Source: own elaboration

Product-integrated category involves immigrant businesses that provide mainstream products to the ethnic customers. Such firms can provide medical, legal, financial and real estate services or sell used cars. As in the previous category, the growth of those companies depends on the size and growth of ethnic market. Still, those companies have to compete against the mainstream businesses that also target the ethnic market. Their source of competitive advantage lies in the knowledge of particular needs of the co-ethnic clientele, higher elasticity in terms of financing requirements (for instance: allowing for cheaper consumer credit), fluency in the ethzic language and in ethnic solidarity.

Example: Product-integrated business: a dental office in Liverpool

Marek is a Polish dentist who has opened his small business in Liverpool. Initially, he migrated to UK seeking work in private dental clinic. After having accumulated some capital, he started his own dental office.

He decided to open his office in a neighborhood dominated by Polish immigrants for 2 reasons. First, the rent cost was considerably lower. Second, he was hoping to get a competitive advantage over native British dentists. Most of Polish immigrants in the UK, albeit do speak some English, are not able to communicate freely with a medical staff.

The main competitors of Marek are Polish dentists who commute from Poland to serve Polish-speaking clients on weekends. However, most of the Polish immigrants in the Liverpool area prefer to have their dental treatment as soon as possible, and not to wait till weekends. Therefore, Marek's business is currently extremely profitable, and he was able to hire a helper: Lithuanian dental technician, who also speaks some Polish.

Source: own elaboration

Immigrant firms from the market-integrated category are directed toward non-ethnic customers by offering them the products and services related to their ethnic culture. Therefore, they struggle within the mainstream market with other companies that provide ethnic products and services. Their development prospects depend on the preferences and the level of demand of non-ethnic customers for ethnic products and services.

Example: Market-integrated businesses: kebab kiosks in Kraków

The first kebab kiosks in Kraków, a popular tourist destination in Southern Poland, have been started by Palestinian immigrants. These pioneers of fast-food ethnic business in the city came here in the mid 1980s for educational purposes (at that time, communist Poland was offering scholarships for Arab students). During the economic transition of 1990s and a transformation to free-market economy, Palestinians were one of the first to identify and capture new economic opportunities. Kebab kiosks were a perfect niche, as the business was involved with low capital requirements.

Yet, the rapid development of the tourism industry in Kraków has led to unprecedented expansion of small restaurant and fast-food sites, including kebab kiosks. Many of them have been started by Polish entrepreneurs. The Palestinian community in Kraków is too small to control the market and even to provide ethnic workers for all the kiosks. Yet, these ethnic entrepreneurs have discovered, that their Arab ethnic origin is a source of competitive advantage. Their kiosks have the additional descriptions pointing at the authenticity of the food (for instance: "genuine/traditional Arab kebab") and they try at least to hire Arab workers to serve clients in the weekends to distinguish their offer from the rest of (non-authentic) kebab kiosks.

Source: own elaboration

Finally, there are immigrant firms who belong to the highly-integrated category. These are the enterprises that are operating on the mainstream markets, providing non-ethnic products and services to the general customers. Such immigrant businesses are the most integrated into the economic system at the destination, but have to compete with the domestic and international producers. Therefore, their development potential depends on the creativity of the entrepreneur and one's ability to provide high-quality products or services (Hart and Acs, 2011).

UNIT 11: Factors affecting the performance of immigrant entrepreneurs

Immigrants who enter the host country are faced with a specific opportunity structures and obstacles arising from the new socio-economic and cultural environment. On the other hand, they tend to build their own structures of ethnic support, relying on the ethnic solidarity and ethnic networks. This unit discusses in detail the whole environment in which immigrant entrepreneurs operate and the role of such support structures in the entrepreneurial development and its performance.

11.1. Ethnic enclave economy and immigrants' business performance

When discussing the impact of immigrant entrepreneurship on the socio-economic well-being of an immigrant and one's family, the question of business sustainability is one of the key concepts that needs to be taken into the account. Although many immigrants try to create and develop their businesses, the prosperity and survival of such enterprises in the long run is a serious matter (Adendorff, & Halkias, 2014), as the survival rates of such businesses is substantially smaller than in the case of native firms (Vinogradov & Isaksen, 2008).

In the case of ethnic enclave, we adopt the definitions developed by Light and associates (1994), who demonstrate that the host country economy is divided into the general economy (or a dominant market, cf. Ndofor and Priem, 2011), and the immigrant/minority business and employment sector. Immigrants might look for employment chances and/or create their firm in those two sectors. Within the immigrant/minority sector we can identify the ethnic economy: a sector which mostly consists of self-employed individuals from the same ethnic group and their co-ethnic employees. Finally, there is an ethnic enclave, a sub-section of the ethnic economy. A typical feature of the ethnic enclave is a large number of immigrant-owned firms, in which a significant share of workers consists of immigrants from the same ethnic group. Moreover, there is a special clustering of immigrant enterprises, which facilitates threshold benefits. Through this geographical concentration the economic efficiency is improved, as the firms which operate in the enclave can count on vertical and horizontal integration: the co-ethnic suppliers and customers, ethnic informal institutions which provide access to financial capital, know-how and co-ethnic workers. Consequently, Light and associates claim that "every immigrant group or ethnic minority has an ethnic economy but only a few have an ethnic enclave economy" (Light et al., 1994: 73).

Several authors have indicated the potential benefits for immigrant businesses which are run within the ethnic enclave economy. The most evident one is the decreased competition (Ndofor and Priem, 2011). As the business activity within enclave economy requires knowledge of cultural norms, customs and the language of the ethnic group, the access to such market is mostly inacessible for non-ethnic individuals. In ethnic enclaves such as Turkish districts in Germany, Bangladeshi and Pakistani areas in the UK, or Arab communities in French cities, the ethnic language dominantes over the official one, and most of the private sector is composed by ethnic enterprises.

The next advantage of the ethnic enclave economy for the entrepreneurs is the access to financial capital through rotating credit ethnic associations. Most of immigrants come to a host country with limited financial assets. Moreover, as they have limited wealth and short history of economic activity at the destination, their ability to obtain a loan in a formal institution is also limited. In order to overcome this deficiency, some ethnic groups like use rotating credit associations. In such a case, the gathering of a loan for a business startup is much easier for the insiders: this is for instance the case of Chinese (Hui) and Koreans (Kye, cf. Raijman & Tienda, 2003). Such informal associations are mostly based on trust and a notion of personal honor: there are no papers to sign, nor the formal agreements.

Another important benefit of the ethnic enclave is the solidarity of co-ethnic community, understood mostly as an extended family of the immigrant entrepreneur and one's friends and neighbours. Immigrants of the same ethnic origin who live in the same place share same aims, values and aspirations, therefore are able to work more intensively, be more motivated and in the end work more efficiently than in the case of the non-ethnic workers. Moreover, they are willing to take some sacrifices in hope for future rewards. For instance, the workers in an ethnic enterprise can work overtime without complaining, or wait for the salary in a case when the entrepreneur is in short-term liquidity constraint (Danes et al., 2008).

The next benefit is "learning-by-doing" entrepreneurial tuning: many immigrants might first start working in an enterprise owned by a co-ethnic individual, then after accumulating some experience, know-how and obtainint the access to ethnic network, they might consider starting their own firm (Light et al, 1994.).

Example: Transfer of entrepreneurial skill: Ahn and Her nail salon

Ahn was born in the US in a family of Korean immigrants. After completing the high school, she started working for her aunt Soi in a nail saloon in Boston, MA. In the US the nail salons are typically run by the Korean community members. At her aunt firm, she initially did the most simple work, cleaning the rooms, then she was moved to the position of a receptionist. After 2 years, aunt has send Ahn for a special vocational course on nail care, and after its completion she has started working with clients, which she did for the next 2 years.

All these activities were a part of the informal apprenticeship program: Ahn parents, seeing that the girl is not interested in studying at university have sent her to Soi salon, so she could teach her and prepare for running her own business.

Now, after completing this education and with the financial support of her parents, Ahn has opened her own nail salon in Cambridge.

Source: own elaboration.

The final benefit of the ethnic enclave economy is the possibility to use to the co-ethnic network of suppliers and clients (Raijman & Tienda, 2003). The suppliers in the network could offer specific goods and services which are out of stock for the outsiders, while the ethnic clients are driven to the immigrant businesses in the enclave because of the ethnic solidarity, but more importantly, seeking ethnic-specific products which are not available elsewhere. For instance, halal food is available for muslim populations mostly in the ethnic grocery shops.

Therefore, the immigrants who come to a decision to start their own firm in a host country, have at least two different options: either to exploit the niche within the ethnic enclave economy, in which they have competitive advantage over the non-migrant people, or to enter the dominant marketplace, competing on equal terms with native entrepreneurs (Ndofor and Priem, 2011). Some authors suggest that the safer strategy for individuals is first to start business activity in the ethnic enclave, and then try to expand it, with the final aim to reach the mainstream market (Brzozowski and Pędziwiatr, 2015).

11.2. Entrepreneurship and economic integration: puzzled relationship

Before discussing the linkage between the entrepreneurship and economic integration, we should first precisely determine what integration means. In the economic literature, there is a considerable difference between two important terms: economic integration and economic adaptation. Some scholars consider those concepts as synonyms (Chiang, 2004), and even add more descriptions that are supposedly much alike (labour market integration, socioeconomic insertion, socioeconomic mobility, cf. Couton, 2013).

Both terms - integration and adaptation – were initially formulated within sociological research, especially for the purpose of migration studies. In a seminal contribution of Berry (1997), the economic adaptation "refers to the degree to which work is obtained, is satisfying and is effective in the new culture" (Berry, 1997: 14). Consequently, economic adaptation of an immigrant should entail the analysis of livelihood strategies or should be seen as a measure of the economic achievement at destination (Kibria, 1994). The results of empirical analyses suggest that there is no singular, "perfect model" of economic adaptation: many alternative models tend to co-exist among immigrants in host countries, including also strategies of economic survival which actively connect home and host countries through transnational economic practices (Portes, Guarnizo and Haller, 2002). On the other hand, the economic integration "refers to the process by which the socioeconomic characteristics of immigrant group members resemble those of natives in host societies" (Zhou & Liu, 2015: 191). Thus, economic integration is not the exact counterpart than economic adaptation, but a much more inclusive and ambitious concept. An immigrant might follow a successful strategy of economic adaptation in the host country but, at the same time, may fail to integrate economically (Zhou & Liu, 2015). It is worth to stress that the perfect/ideal/desired model of economic integration depends mostly on the host country's economic structure. For instance, while in the US, where the "'self-made man' myth" is still strong, self-employed immigrants are perceived as more integrated, at the same time in a more formalized German economy the waged employment is preferred (Pécoud, 2003).

The main tendency in the analysis of economic integration is that immigrants gradually "acquire country-specific human and social capital, [and consequently] their labor market outcomes improve and eventually converge with the native-born" (Fuller & Martin, 2012: 141; Xi, Hwang & Cao, 2010). However, such paradigm ignores the role of the immigrant personal aspirations and plans. It simply assumes that all foreign individuals want to settle at the destination and to follow the same, linear model of socio-economic integration. In this lens, the immigrants are bound to assimilate, both in socio-cultural, and in economic dimensions. Yet, the economic integration and economic adaptation should be treated as different terms.

The tricky characteristic of many studies is that while they declare to investigate the role of immigrant entrepreneurship in economic integration, they actually adopt measures that are more suitable for investigation of economic adaptation, such as: ability to support oneself, ability to find work which matches the migrant's qualifications, finding suitable employment (Chiang, 2004). Moreover, the measure that is most widespread – the disposable income – is difficult to measure in a precise way in the case of businessmen, as they "have possibilities to use monetary as well as physical resources from their company for private consumption" (Hjerm, 2004: 746). Consequently, Hjerm (2004) suggests that studies on immigrant economic activities in host country should use a range of different measures, such as job satisfaction, occupational mismatch etc., which are more useful when it comes to evaluating economic adaptation.

Actually, there are not many papers that actually analyze the direct impact of entrepreneurship on the economic integration of immigrants. Especially the linkage between migrant integration trajectories within host societies and self-employment seems to be underexplored. The existing research projects stress the astonishingly ambiguous impact of entrepreneurship on economic integration, suggesting that the former needs not to affect positively the latter. The initial research suggests that although immigrant self-employment impacts positively on the individual's income, this result might misleading, as many entrepreneurs do not report the working hours, and on average they tend to work more than the waged employees (Evans, 1984).

The influential paper in this regard is the study of Hjerm (2004) who designed the measure of advancement in integration of immigrants in Sweden by applying the measure of disposable income. The author discovered that income from immigrant entrepreneurship was significantly lower than in the case of waged employment of immigrants. Moreover, the income of self-employed migrants were only slightly higher than in the case of migrants who were not economically active (sic!). Therefore Hjerm claims that immigrant entrepreneurship should not be considered as a successful strategy for preventing economic marginalization and segregation of immigrants on the labour market. (Hjerm, 2004).

While the results of Hjerm (2004) can be disappointing for future immigrant entrepreneurs, an even more striking picture is shown in the study of Wang & Lo (2005) on Chinese businessmen in Canada. In their paper, the mean yearly income of self-employed persons was 7.5 thousand Canadian dollars. This sum was three times smaller than an average income of the salaried Chinese (22.2 thousand). These economic outcomes of the self-employed were not only inferior to those received by the Chinese who entered Canada as professional highly-skilled employees, but also worse than a mean revenues of the individuals who entered the country as humanitarian migrants. These results also demonstrate that the indexes of performance based on the declared income could be misleading. The authors suggest that the self-employed immigrants reinvest or hide part of their incomes to pay lower taxes (Wang & Lo, 2005).
An additional paper which demonstrates a negative influence of self-employment on immigrants' earnings is the study of Xi, Hwang & Cao (2010). Based on a large and representative sample in the US (the 5% Public-Use Micro Data Samples of the 2000 U.S. census), they discovered that the self-employment status is connected to lower earnings of immigrants. In the same vein, Valdez (2006) shows that self-employment among Mexicans in the US results in lower earnings. His study was based on the very same dataset as Xi, Hwang & Cao (2010). Still, Valdez goes much deeper in his pessimistic evaluation of the self-employment function in economic integration of immigrants. He finds that self-employment participation among Mexicans decreases over time spent in the US and across generations. In this way, a decline of self-employment propensity is – paradoxically - an indication of economic progress among immigrants who move from necessity-based entrepreneurship to more gratifying occupations (Valdez, 2006).

A supportive confirmation for the pessimistic findings of Hjerm (2004) can also be found in the paper written by Beckers and Blumberg (2013). They investigate the development potential of businesses established by the first- and second-generation immigrants and of the native businessmen in the Netherlands. The authors initially expected that the second-generation immigrants, who are more integrated in socio-cultural terms than their parents (first-generation), would be more likely to start mainstream businesses and leave the ethnic enclave, thus obtaining better perspectives for their business development. As the result, the second-generation immigrant businesses should outperform the first- generation firms. This hypothesis, surprisingly, was not supported in an empirical analysis. Indeed, the second-generation entrepreneurs have managed to move from traditional migrant industries to the more promising sectors, but are "not able to reap the benefits of economically prosperous regions more than their parents" Beckers & Blumberg, 2013: 679). Thus, the authors make a similar argumentation to Hjerm's (2004), claiming that: "self-employment is not a route for upward social mobility, as it does not guarantee escape from the interdependencies typical of the paid labour market" (Beckers & Blumberg, 2013: 683).

Example: Vietnamese petty traders in Poland: an example of entrepreneurial trap

Most of the members of the Vietnamese community in Poland are entrepreneurs. They have started their business activities in the early 1990s, estabilishing small trading posts at open-air fairs in bigger Polish cities. This market niche was extremely profitable at the beginning of the capitalist transformation in Poland, but now due to growing competition from the side of shopping malls is entering into a decline phase. However, many Vietnamese have no idea how to transform their enterprises. One of the biggest obstacles is the shortage of cultural capital.

Most of the Vietnamese entrepreneurs have very long working hours – at least 50 hours per week. Therefore, these individuals have almost no free time to spend with their families. Consequently, they still mostly communicate in Vietnamese language. In most spectacular cases, they have even communication problems at home: their children are proficient in Polish, but speak very little Vietnamese, as the parents had no time to train the native language.

Source: own elaboration

These findings are confirmed and reinforced by a related wave of literature which considers the development perspectives of immigrant businesses. The first group of papers point at the threat of "entrepreneurial trap". The entrepreneurial activity can be harmful for an immigrant and one's upward mobility: once the immigrant enters into self-employment, it is very difficult to change the activity and improve one's economic situation (Pécoud, 2002; Hjerm, 2004; Chiang, 2004). This is because of the existing disadvantageous characteristics of immigrant enterprises like: in-group exploitation, high rate of failure, extreme vulnerability, low profits, long working hours and tough competition (Pécoud, 2002; Rath & Swagerman, 2016). In this regard, running an entrepreneurial activity can constitute a trap in the process of integration as "the long hours of work for entrepreneurs decrease their possibilities to participate in other areas of the civil society, thereby decreasing possibilities for successful integration" (Hjerm, 2004: 752). For instance, a businessman immigrant has limited chances to acquire the host-country language (Hou, 2009).

This risk of "entrepreneurial trap" is materialized even in the case of intentional entrepreneurs. Intentional entrepreneurs are such individuals, who have settled in the host country with the precise goal of establishing a new firm or transferring the existent business across borders. In Chiang's study (2004), the Taiwanese immigrants in Australia fail to transfer the same business models they have run in the home country. Most of them become businessmen, but mostly due to lack of social and cultural capital and large intercultural differences between the home and host country their firms in Australia are much smaller than those in Taiwan, and their growth perspective is usually restricted. Consequently, they experience downward mobility as compared to their situation at home (Chiang, 2004).

Example: Problems of entrepreneurial skill transfer: the case of Ergys (Albania)

Ergys is an Albanian entrepreneur, who became a successful entrepreneur in Ancona, Italy. His company imports and sells spices and herbs from the Middle East.

After developing his company, Ergys has decided to open the branch of his firm in his hometown Durres in Albania. His idea was to slowly enter the Albanian market, and later on to move entire operations from Italy to Albania, where he wished to return for his retirement.

Yet, the decision to open a branch in Durres was a total failure. Ergys has left the country in the beginning of the democratization process in 1990s and has no access to business and administrative networks which are vital to run a successful business here. But the biggest obstacle is the attitude of Albanian clients. Albanian cusine is dominated by mild dishes and only few restaurants were interested in spicy herbs that Ergys is importing. Therefore, the branch of the firm had to be closed down and Ergys has decided to stay permanently in Ancona.

Source: own elaboration

Comparable results can be found in Caparrós Ruiz (2010) research which considers the dynamics of immigrant self-employment. Based on a large representative survey on labour market participants in Spain, he demonstrates that immigrants are not only least likely to enter into self-employment as a first job, but also more likely than Spaniards to exit self-employment. Therefore, this study shows indirectly that failure ratio in the case of immigrant entrepreneurship might be considerable.

The gloomy opinions on immigrant entrepreneurship when assessing its impact on economic integration has been put into question by Hackett in her research on Muslim immigrant community in Newcastle. She claims "that there are strong links between entrepreneurialism and home ownership amongst the city's Muslim communities" (Hackett, 2014: 153). The advantage of this study is the analysis of a longer period (1960-1990, i.e. 30 years) of immigrants' economic activity within the context of the integration process, using multiple data sources, such as administrative registers but also governmental documents and reports. This relatively fresh and innovative approach to immigrant integration should be exploited in further quantitative studies, as it explores the indicators of economic integration other than the typical measures such as disposable income, and locates them within a more general socio-economic background of the host country.

Optimistic results on immigrant integration are also shown in the paper written by Irastorza and Peña (2014). They have compared the incomes of self-employed and wage employed immigrants in Spain. In their research, they have discovered a self-employment premium in relation to normal employment. However, the results of this study have to be analyzed with caution. The authors have applied a binary measure of earnings, which creates a risk of oversimplification and – what is much more important – makes it impossible to compare these results with the studies of Hjerm (2004) and Xi, Hwang & Cao (2010). Moreover, the authors do not control for the hours worked by immigrants, a variable which in the case of self-employed individuals should have higher values.

Still, the study of Irastorza and Peña brings a new value for the research on immigrant economic integration, by stressing the importance of structural characteristics of host countries. The authors assert that the welfare system in Spain strengthens the self-employment over the salaried employment, especially in the case of immigrants (Irastorza & Peña, 2014). Therefore, in future studies, the specific structural features of host countries should be considered in detail.

Two studies which analyze the problem of immigrant economic integration through self-employment framework in Germany present much more positive results. Constant and Shachmurove have discovered that immigrant self-employed men are doing better in terms of earnings than the salaried immigrants (Constant & Shachmurove, 2006), and the same effect was confirmed in the research of Constant in the case of immigrant females (Constant 2009). Constant and Shachmurove argue that "for immigrants in Germany, entrepreneurship may be a way of "making" it in the new country (..). (as) they are able to traverse the socioeconomic gap through self-employment" (Constant & Shachmurove, 2006: 226). The self-employment premium on a weekly income was found impressive, as such immigrants earn on average 79% more than salaried workers. However, this result is possible through much more intensive work: the self-employed immigrants work on average 29% more hours per week than the salaried ones.
A relatively new way of analysing the impact of immigrant self-employment is the measurement of horizontal (i.e. by economic sectors) and vertical (by occupations) ethnic segregation. This approach was applied in Switzerland (Liebermann, Suter & Rutishauser, 2014). The result of this study shows heterogenous trajectories of the different immigrant groups. For the immigrants coming from Southern Europe, self-employment seems to be a way to successful integration, as they become less segregated horizontally and vertically, converging to the Swiss economic structure. On the other hand, for non-European individuals and for immigrants coming from Eastern Europe, self-employment works in an opposite direction. Therefore, it contributes to a higher segregation. Interestingly, for the second-generation migrants and for the foreign-born individuals from Central Europe, self-employment helps on average to enter into the economic elite, outperforming the native population (Ibid).

Another interesting problem that needs a closer attention is a dichotomy in the analysis on immigrant entrepreneurship development. On one hand, there are small immigrant businesses located in the ethnic enclave (Cobas, 1987; Xi, Hwang & Cao, 2010), while on the other there are larger immigrant firms located in the mainstream market like ICT sector (Sahin et al., 2012).
Several authors propose the classifications of immigrant enterprises along these axes. The first typology proposed by Curci and Mackoy (2010) was presented in a previous section. It includes highly segmented businesses (offering ethnic-specific goods and services mostly for the co-ethnic clients), market-integrated businesses (offering ethnic goods and services to the non-ethnic clients), product-integrated businesses (offering non-ethnic goods to the ethnic clients in the ethnic enclave) and highly-integrated businesses, operating on the mainstream market, offering non-ethnic goods and services for mostly non-ethnic clients (Curci & Mackoy, 2010).

Another classification proposed by Eraydin and associates also identifies four types of such firms, including: 1. Businesses related to ethnic origin and serving the ethnic community 2. Businesses related to ethnic origin but serving a wider public 3. Businesses not related to ethnic origin 4. Businesses not related to ethnic origin but which capitalize on ethnic origin (Eraydin, Tasan-Kok & Vranken, 2010). In both cases, the immigrant firms which provide goods and services to a wider public and can run the operations in the mainstream market should have better growth perspectives, contributing positively to the economic integration of their owners (Sanders, 2002).

Interestingly, such a hypothesis on the positive linkage between the location of the immigrant business on the mainstream market and its performance is not yet supported in empirical studies. The most obvious example is the already cited paper of Beckers and Blumberg (2013). On the contrary, several studies stress the advantages of immigrant entrepreneurs who remain in the ethnic enclave, relying on co-ethnic clientele, ethnic networks and ethnic business ties with co-ethnic suppliers and other business partners (Raijman & Tienda, 2003; Price, 2012; Couton, 2013). These findings show a need to reconsider the hypothesis about the negative influence of ethnic enclave on immigrant business performance.

UNIT 12: Towards the holistic model of immigrant entrepreneurship integration

The aforementioned studies provide a set of arguments and identify some most important factors that affect both the development and sustainability of immigrant entrepreneurial ventures in a host country, and consequently influence one's economic integration. Therefore, the goal of this unit is to integrate all of these approaches into one coherent model.

12.1. The role of migrants' personal strategies and motivations

Another important factor in the analyses of immigrant entrepreneurship are the identities and motivations of individuals. Those motivations obviously have a profound impact on economic activities and integration. In their qualitative research on a sample of 55 immigrant entrepreneurs in Miami (US), Fernández-Kelly and Konczal (2005) demonstrate that the second generation is much more creative in their economic strategies, often pursuing the expressive entrepreneurship model. In this model of entrepreneurship, the income maximization is not the ultimate goal, as motivations of the immigrants already born in the host country differ from their parents' generation. "While older immigrants sought mainly paths for financial accumulation, their children are making claims on both pecuniary autonomy and personal satisfaction", Fernández-Kelly & Konczal, 2005: 1154). Consequently, this paper clearly shows the need for adoption of heterogeneous indicators of entrepreneurial outcome such as individual well-being/satisfaction, as the usage of merely income indicators might distort the full picture.

There is not one perfect theory of migration which can explain all aspects of human geographical mobility in the international context. In migration studies dominates the assertion that that the immigrants act in a complex set of relationships, which impact their decision-making (Davis et al. 2013). Consequently, the early neoclassical models who described migrants as rational economic agents, i.e. selfish individuals who act only for the sake of the private economic benefit, are not suitable to fully explain the behaviour of these individuals (De Haas, 2010). Migrants do not act in a social vacuum, they take into the account the interests of their "important others": mostly close family members, but also friends and even members of the local communities both in the home country, the host country and in third countries in which those people stay (Kloosterman, Van Der Leun & Rath, 1999).

Therefore, when we talk about immigrant economic activities and entrepreneurial activities in particular, we should take into the account also non-economic factors. The theoretical models on immigrant and ethnic entrepreneurship either indicate the structural forces which drive immigrants towards self-employment or stress the specific interaction between immigrant and his socio-cultural environment. For instance, in seminal contribution of Aldrich and Waldinger (1990), entrepreneurial actions result from the existing opportunity structures and resources, understood as the ethnic group characteristics (i.e. cultural traditions, ethnic networks etc.). Therefore, the "ethnic strategies emerge from the interaction of opportunities and group characteristics, as ethnic groups adapt to their environments" (Aldrich &Waldinger, 1990: 114).

Example: Migrate or not to migrate: the case of Pedro

Pedro is a simple farming worker who lives with his family in Oaxaca, central region in Mexico. He has a wife and two small children. Moreover, his wife is taking care of her mother which is severely disabled. Therefore, Pedro is the only breadwinner in a family.

The economic situation of Pedro and his family is extremely difficult. With his work, they can hardly ever make up for basic needs, such as food and other consumption expenses.

Paulo's brother works in the US and encourages Paulo to join him. He has even proposed to pay for Paulo's trip to California and to help in finding a job for him. Unfortunately, Paulo's wife is afraid and does not want to stay alone with children and sick mother.

Therefore, although the migration to the US would probably improve the economic situation of Paulo and his family, this project is not viable in the nearest future, because of familial obligations and personal reasons.

Souce: own elaboration

This view of immigrant and their entrepreneurial activities might be perceived as startling, as it presents the ethnic entrepreneur as the object of transformation of external forces. In this context, the individual aspirations and the role of entrepreneurs as the actors of change are neglected or marginalized. Such framework is proposed in Strüder paper (2003) approach, where there is no place for individual entrepreneur at all, as his model analyzes the ethnic business, not the owner and founder of the firm.

However, the most typical manifestations of immigrant entrepreneurship are rather small and medium-size businesses (Volery, 2007; Rath & Swagerman, 2016). In such endeavour, the analysis of the entrepreneur is crucial for the consideration of the firm evolution and its future transformations. Such individual viewpoint of entrepreneur is only integrated in the interactive model of ethnic entrepreneurship, developed by Volery (2007). The author recognizes, that individual traits, motivations and experiences play a key role in the entrepreneurial behaviour, thus: "even people with the same nationality or from the same ethnic group have differences which affect the way they recognize and pursue opportunities" (Volery, 2007: 36).

Yet, in the interactive model of Volery the presentation of personal motivations is along the the neoclassical viewpoint. Therefore, such paradigm does not consider the importance of social communities in which businessmen are embedded and the role of family and friends. These individuals are important stakeholders of entrepreneurial process and affect the economic behaviour of immigrant in a host country.

Developing this line of argumentation, Brzozowski (2017) suggests that the theoretical model of immigrant entrepreneurship should include such important actors like migrants' families and friends, which is suggested in migration studies by the new economics of labor migration (De Haas, 2010). In this aspects, most of economic decisions, including the entrepreneurial ones, are not taken individually. On the contrary, they are the result of collective decision making and of the interplay of the aspirations, dreams and personal goals of migrant and migrant's enlarged and multigenerational family – understood as not only parents, grandparents and siblings and children, but also more distant relatives as cousins or uncles. These individuals influence migrant even from distant geographical locations, thus are involved directly or indirectly in entrepreneurial actions, residing both in host and home country, and even in the case of those who stay in the third countries (as family of migrant can be dispersed across multiple locations).

Example: Abdul's carpet shop: the involvement of the diasporic family

Abdul was born in a wealthy Arab family in Marrakesh, Morocco. His family was running a successful family business, producing and selling carpets for the clients in the Gulf States.

When Abdul has left the home country to study international business at Maastricht University in Netherlands, the members of the family decided that his migration is a chance for expanding the family business to Europe. After the graduation, Abdul has obtained a financial support from his cousin Nabil, who runs a branch of the family's company in Abu Dhabi. The family has sent his uncle Sadiq, who helped in the early phase of the business development and was supervising Abdul work. Additionally, the family has sent Abdul's two younger brothers: Saleem and Sami, who work in the Abdul's carpet shop in Amsterdam.

Abdul really appreciates the family support and enjoys running a company. Yet, the family involvement has also some negative consequences. Cousin Nabil uses to come every 3-4 months to supervise the shop – each time he is criticizing Abdul and gives a lot of advice how to better run his business. Also the youngest brother Sami is extremely lazy and he is actually not contributing at all to the development of the business. Yet, Abdul has to be patient and tolerant, as he is in fact a part of the greater family business project, and the strategic decisions of the entire holding are taken in home in Marrakesh by his grandfather Ali.

Source: own elaboration

Consequently, if an immigrants launches a business activity at a given destination, one's entrepreneurial strategy is deeply influenced not only by the individual interest, but also by the economic interests of "important others". In this context, there are at least three different perspectives of immigrant entrepreneur, suggested in the literature on immigrant and ethnic entrepreneurship. In a first scenario, described by the new economics of labour migration theory, a migrant is sent abroad by the entire family/household. The members of the household expect that the migrant's economic activity in a host country would contribute to the collective income of the household. Therefore, migration project is considered also as a collective investment. Upon arrival and after the business is started, a migrant is expected to contribute to the collective budget of the household located in a home country through remittances (Taylor, 1999).
In such a case, the migration itself is perceived as a temporary event, which should help in accumulating needed capital to be invested back in the home country (Brzozowski & Coniglio, 2016). Therefore, the immigrant's business development is limited: the profits would be either continuously transferred back to the home country (to contribute to the budget of the migrant's household), or reinvested in the home country after the migration

project is ended. Many migrants who take on such strategy are running business activities in the least attractive niches of the markets. These are often sectors left by the native entrepreneurs, who perceive them as less attractive due to low profits, higher risk and harsh working conditions.

Example: Temporary business: Hassan and his Internet kiosk

Hassan is running a small-scale business: an Internet kiosk in the ethnic district (dominated by immigrants from India, Bangladesh and Pakistan) in Rome. The business is run in a small office in which there are 5 PC, few tables, printer and a small bar where Hassan is making tea or coffee for his customers.

The business is relatively profitable, as there are many immigrants who cannot afford to have own broadband internet connection in their shared apartments, so they visit Hassan kiosk to make Skype calls to their families at home.

Yet, the business is not expanded as Hassan was sent to Italy by his entire family who lives in Thiruvananthapuram (capital of the region) and has to contribute to the collective household budget in India. Moreover, Hassan is trying to save some money, so he could come back to his home country. He needs capital to marry a local girl in India, which means that he will have to pay for the wedding, land acquisition and house construction. Consequently, all his entrepreneurial actions are directed towards the current maximalization of the firm's income and the future transfer of accumulated capital back to India. He hopes that his homecoming would be possible in 5 years.

Source: own elaboration

Yet, for the migrants such form of entrepreneurial activity still could be attractive. This is because the perspective of such migrant differs from a native entrepreneur, as the migration is planned as a temporary event. Therefore, migrants are willing to accept harsher working conditions and higher risk of the business activity, as the migration strategy entails rather short- or middle-term form of entrepreneurship, rapid accumulation of capital (combined with limited consumption in host country) and yet is considered as profitable because of the income differentials between destination and home country. In the second scenario the migrant is influenced by the expectations connected to home and host countries. On one hand, the family of the migrant staying at home demands his/her fast return, the same narrative is also applied at the macro level, often referring to the "obligations towards the homeland". On the other, the expectations of the host country administration and society is that the immigrant should assimilate as fast as it is possible. Caught between those two contrasting sets of expectations, many migrants do not want to choose between a definite settlement in a host country and return to home country.

In such a case, the transnationalism strategy is possible. Immigrant transnationalism is a situation, in which an immigrant keeps personal, social or economic activities in both worlds: in the home and destination country (Schiller, Basch & Blanc, 1992; Portes, Guarnizo & Landolt, 1999; Vertovec, 2004). The transnational immigrant entrepreneurship in this case is manifested through a preservation of business activities in dual locations. This kind of strategy can both be perceived as the alternative form of economic adaptation in a host country (Portes, Guarnizo & Haller, 2002), but also as the kind of "entrepreneurial insurance". In this way the potential homecoming is facilitated, as the immigrants maintains an economic foothold in a home country (Levie and Smallbone 2009). Moreover, in some instances the transnational immigrant entrepreneurs due to access to exclusive set of resources both in host and home country are able to do better than the competitors (Brzozowski, Cucculelli and Surdej, 2014).

In the third situation, the immigrant plans to stay permanently at the destination. Consequently, the immigrant is adopting a more long-standing perspective in one's enterprise development. Even in such occasion, the entrepreneur's activities are influenced by a complex set of norms, values and expectations. Moreover, such norms are much more different than the ones respected in a host country.

Additionally, the development of the immigrant enterprise might be connected to different results in economic adaptation. The segmented assimilation theory demonstrates, that the immigrants do not necessarily follow unique path of the cultural, but also socio-economical integration. In such situation, they do not have to become much more alike to the receiving society (Portes & Zhou, 1993). On the contrary, they might follow different directions, including social marginalization, or integration within the ethnic enclave economy, or finally experience the mainstream integration.

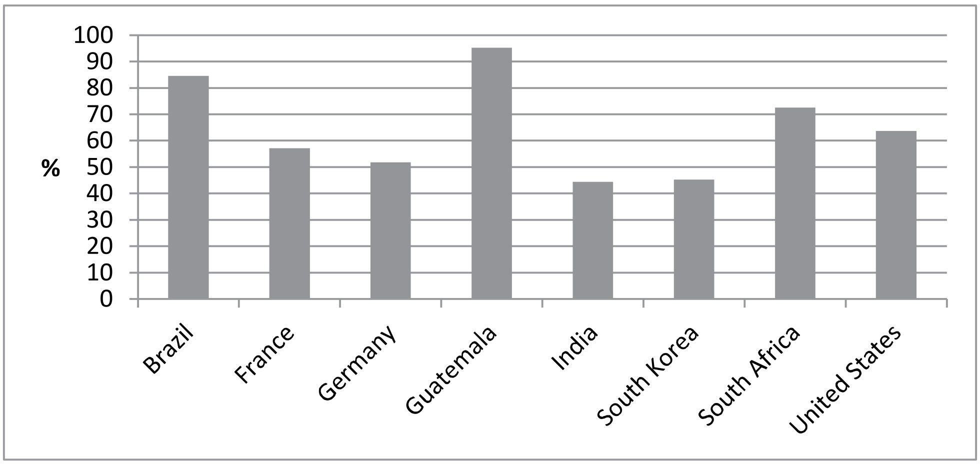
In this vein, also immigrant firms take different directions of their transformation. Consequently, they can be developed into: 1) highly segmented marginal firms, operating in the niches of the market left by the locals, 2) ethnic enterprises, which are active in the ethnic enclave and serve mostly the co-ethnic population (i.e. product-integrated firms), or serve the wider clientele by offering specific ethnic goods and services (i.e. market-integrated firms), and lastlu to 3) highly integrated mainstream businesses, which are involved in economic rivalization with native entrepreneurs (Curci and Mackoy, 2010).

Elaborating on this concept, it is worth to think about businesses created by immigrants as closely connected to their migration projects. This implies that those firms can serve different purposes, where the future return and the permanent settlement at destination are the two opposite perspectives. In reality, most of the immigrant entrepreneurs "stay in the middle", drifting between those two alternatives. Therefore, there is no single, "perfect" path of the immigrant enterprise development.

12.2. The role of cultural differences

The vast majority of immigrants, when arriving to the host countries, do bring with them their cultural values, norms and ethnic identities. These norms usually do differ from the ones respected and practiced by the native population (Berry, 1997). Such cultural values not only impact on their religious practices, modes of social behaviour and habitation strategies (f.i. prevalent propensity to live in the ethnic districts, where the neighbourhood consists mainly of persons from the same ethnic environment), but also affect the economic decisions of immigrant and one's family in the host country.

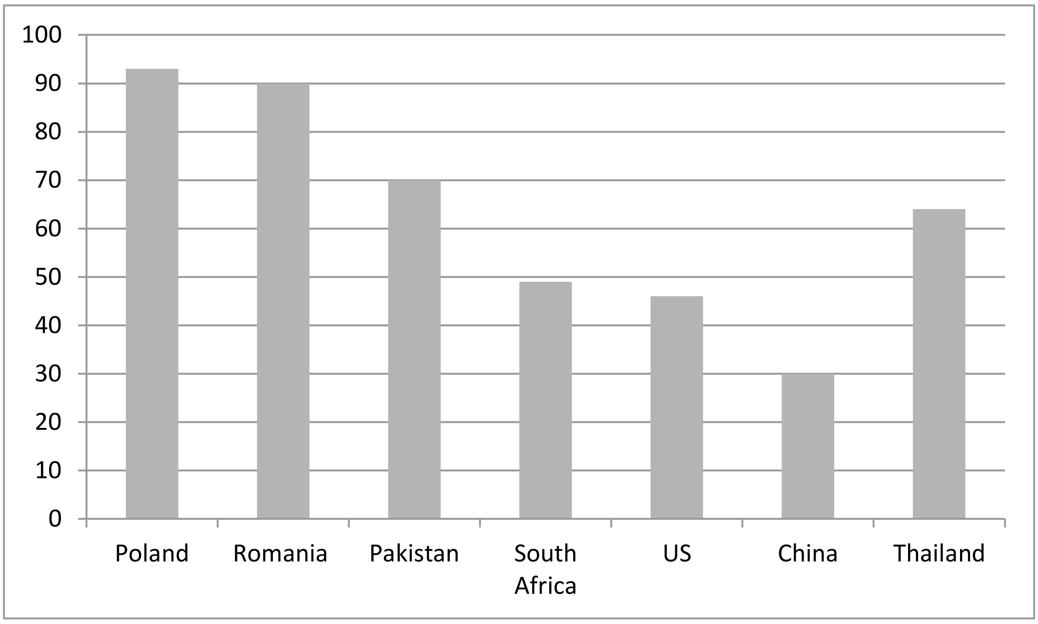
Figure 16 Percentage of 18-64 population who agree with the statement that in their country, most people consider starting a business as a desirable career choice (2015)



Source: GEM (201

The moral principles and as a result the approach towards the entrepreneurship tend to be different across countries and nations (Basu & Altinay, 2002). One of the important indexes that demonstrates the attitudes towards business activity is the variable "Entrepreneurship as Desirable Career Choice", included in the Global Entrepreneurship Monitor (GEM). This measure indicates what percentage of the adult (18-64) population in a given country agrees with the statement that founding own business is the accurate strategy for the career development. The most recent results of GEM survey for 2014 and 2015 show a substantial dispersion in the value of this indicator, ranging from very high levels like 95 per cent in Guatemala, relatively high values in Brazil, Philipines and South Africa (over 70 per cent for each country), moderate ones in the US and most of the EU member states (between 50 and 65 per cent), and very low values in India and Southern Korea (below 50 per cent, cf. GEM 2016).

Figure 17 Uncertainity avoidance scores (the higher value, the higher risk aversion)

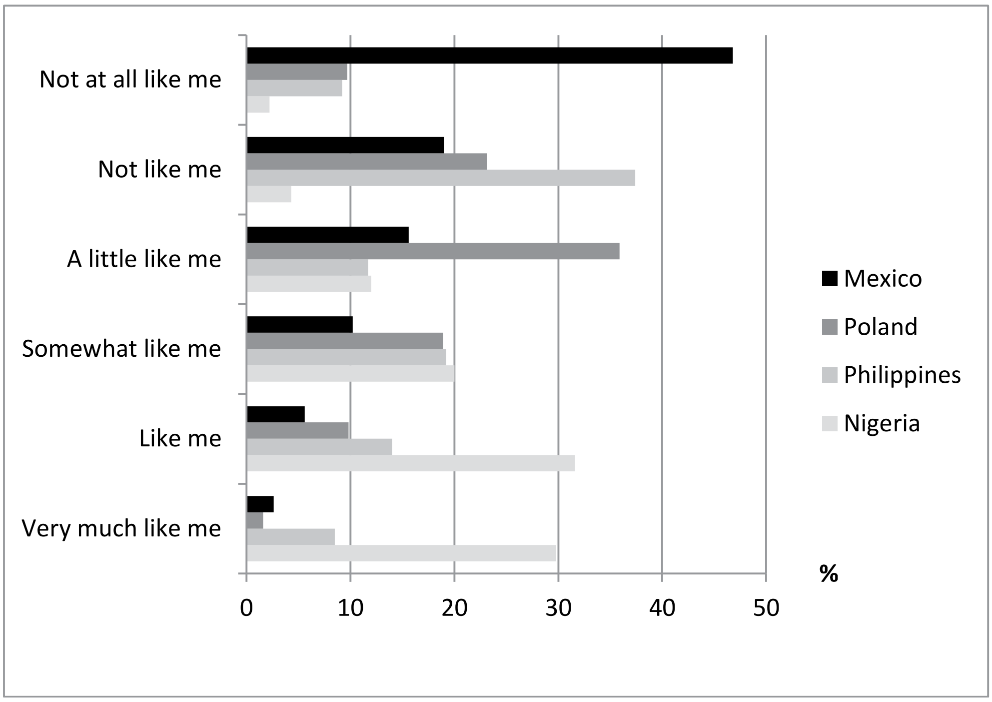


Source: Hofstede (2001)

Therefore, in some most important immigrant destinations the most desired and prestigious from a social point of view is the waged employment, while in others the entrepreneurial status (Pécoud, 2003). In the classic study Hofstede (2001) demonstrates that the attitudes towards risk-taking, a crucial precondition for entrepreneurial activity, are also very different across the national cultures. Some nations are more risk takers than others. For instance, a reluctance towards risk especially evident in the case of CEE nations, which is attributed mostly to a heritage of the communist system which still has an impact on people's identities and beliefs. This risk aversion matters for the self-employment propensity: the recent research by Szarucki, Brzozowski and Stankevičienė (2016) it is found that the Polish and Romanian immigrants in Germany exhibit much smaller likelihood of becoming self-employed than in the case of other ethnic groups.

Moreover, in the case of many national cultures, the wealth of the individual might not be perceived as the ultimate life goal. For instance, the last wave (2010-2014) of World Values Survey (WVS) shows a great disparity within the nations in terms of how wealth is perceived: 81 per cent of Nigerians agree with the statement "It is important to be rich; to have a lot of money and expensive things", while in the case Philipinos this share was 42 per cent, for Poles 30 per cent and for Mexicans – mere 18 per cent, just to mention few important migrating nations (WVS, 2016).

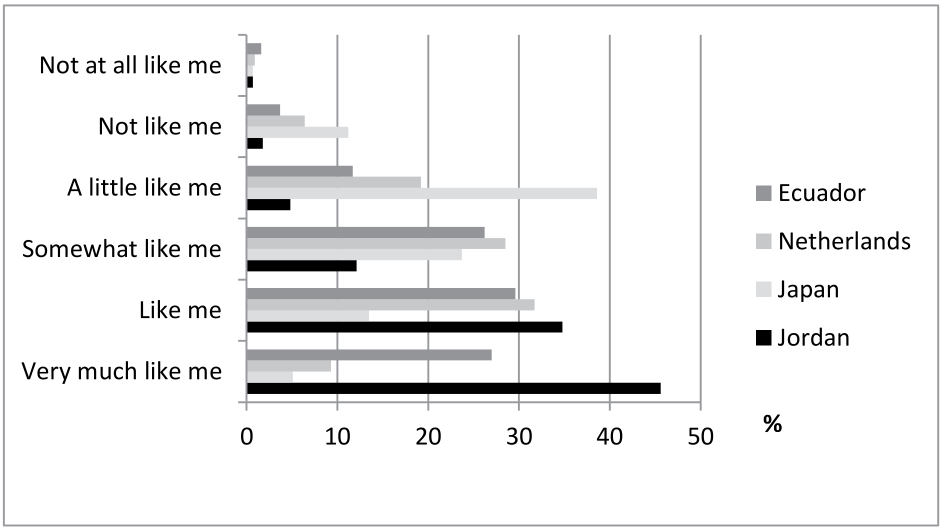
Figure 18 The percentage of respondents that agree with the statement: „It is important to this person to be rich; to have a lot of money and expensive things" (2015)



Source: World Value Survey (2016)

On the other hand, the need for sharing with others and caring about other people is also different across many nations of the world. For instance, 92.5 per cent of Jordanians agree with the statement: "It is important to help people living nearby; to care for their needs", while in the case of Ecuador this share falls to 83 per cent, in Netherlands it is just 69.5 per cent and in Japan – mere 42.3 per cent.

Figure 19 The percentage of respondents that agree with the statement: „It is important to help people living nearby; to care for their needs"



Source: World Value Survey (2016)

Example: Wealth sharing: Emir and his cousins living in Rio de Janeiro

Emir, a Lebanese immigrant has arrived to Brazil with his parents in the late 1970s. After graduating at vocational high school specialized in gastronomy, he was able to open a restaurant in a middle-class district of Leblon in Rio de Janeiro. Yet, he is working very hard to expand his business and has very little time for leisure and social meetings.

That is why Emir is extremely irritated about the behavior of his two younger cousins Moukhtar and Mahmouf. First he was asked to employ them in the restaurant. Yet, the boys were extremely lazy and demanding at the same time: they expected to get the desk job and they were not working at all. They have been coming very late to the restaurant and living as first of the employees. This behavior was demotivating for the rest of the staff, persons which did not belong to Emir's family.

He could not just dismiss his two cousins, as the Lebanese community in Rio is very small and the solidarity within the group is substantial. Kicking two members of the family of the restaurant would mean social ostracism.

Therefore, Emir decided to encourage Moukhtar and Mahmouf to open their own business, a café on the Ipanema beach. Unfortunately, this simple resulted in changing one trouble for another. Both cousins are just spending time on a beach and the business is not profitable. Consequently, two young men come each month to Emir, asking him for financial support. In fact, Emir ended up paying them more than just a salary in his own restaurant.

Yet, it is impossible to end this financial support for Moukhtar and Mahmouf. Their mother Soukayna (younger sister of Emir's mother) is very happy about their firm, and unaware of its economic failure. In order to keep the family ties in good condition, Emir has to continue this financial involvement in unprofitable café business.

Source: own elaboration

The need of recognition or social prestige is also very important. Some national cultures are doubtful towards the extensive wealth gathering and people living there expect an individual to share his/her wealth with family members, even with distant relatives. Thus, solidarity with members of the same ethnic group constitutes an important motivation factor, which influences the economic behaviour of many immigrant groups, including for instance Lebanese (Abdelhady, 2006) or Mexican immigrants in Northern America (Vallejo & Lee, 2009).

In such situation, the immigrant entrepreneur is usually expected to contribute with some share of his income in social capital building, by supporting charity and religious organizations and community events – both in the host and home country (Lindley, 2009). Such investments might be seen as sumptuous spending, as they do not result in increased wealth at individual level. Yet, although less productive in pure economical sense, these social investments might be essential for the entrepreneur in the long run, as they give access to other forms of capital: including the social one and leading to the creation, extension and enforcement of personal linkages, both business and private ones.

Example: Stanisław and his donations for the church repair

Stanisław is a successful immigrant entrepreneur, who runs a construction firm in Chicago (US). He was born in Brzeźnica in Eastern Poland and has left his hometown 30 years ago. Yet, he still keeps a home in a town, which he inherited from his parents and he visits Brzeźnica to meet his aunts, uncles and cousins.

Two years ago, the local church in Brzeźnica was destroyed by a fire. The local catholic community started to raise money for the reconstruction of the temple. The local priest has also sent letters to the members of hometown association, including some migrants (this region is known for intensive out-migration to the US).

When Stanisław learnt that his friend from Brzeźnica who is also staying in the US made a substantial donation for the church and was publicly cited and recognized during the last Sunday mass, he decided that he also has to contribute. In fact Stanisław made a substantial donation of 1 million US Dollars. With this sum, the repair of the church could have been completed and Stanisław became a local hero.

The motivations of Stanisław are mostly charitable, as he wanted to help his home community. But also other goals were important. In Chicago, Stanisław is running a medium enterprise and he is not known to the public. In Brzeźnica, the local has put a special commemorative plaque in his honour, so he feels important and respected there. This is important for him, as he plans to come back to Poland for his retirement.

Source: own elaboration.

Moreover, they might enable the improvement of the social position of immigrant entrepreneur in the local co-ethnic community both in the host country and in the home one (Grigolini, 2005). Additionally, one has to consider a potentially adverse effect. Due to the high social pressure coming from co-ethnic community, a lack of such financial contribution to a given ethnic cause (f.i. to the repair of local temple, organization of local religious or ethnic festival, or contribution to some other charity goal) might result in ostracism and in the social exclusion of immigrant entrepreneur. The risk of a social exclusion is a strong disciplinary mechanism in many ethnic communities (Sanders & Nee, 1996), and the potential costs of such act might strongly (and negatively) influence the performance of the immigrant's enterprise.

It is worth to expand this general reasoning, by adding a remark that the business activities of immigrants are shaped, continued and improved not only for the purpose of income maximization. Moreover, the influence of co-ethnic community in host and home countries, contrary to what is suggested in the existing literature, must not be only positive. Therefore, the obvious direction of future research on immigrant entrepreneurship is the profound analysis of the internal, co-ethnic social norms and obligations that can inhibit and restrain the growth of such businesses.

12.3. The role of the socio-economic system in the host and home countries

The current research on entrepreneurship stresses the importance of the economic development of a country in which the businesses operate for the incidence, dynamics and in explaining the existence of different forms of entrepreneurial activities (Wennekers et al., 2005; Acs, Desai & Hessels, 2008). Still, immigrant are the actors who connect at least two socio-institutional environments: of the host and home countries. Migrants when adapting to a new situation in host country, are still influenced by some models of the livelihood strategies from their home countries and regions.

Therefore, the stage of the economic development at home and the specific features of local economy have an impact on the entrepreneurial model chosen in the destination by immigrant. For instance, immigrants coming from rural and conservative areas would be much more traditional and risk averse in terms of their entrepreneurial characteristics than the immigrants coming from developed cities in which the economic environment is much more innovative and competitive.

The situation becomes more complicated when we consider that these socio-institutional environments of the home and host countries are not fixed. In fact, they can, and usually they do change over time. Additionaly, due to set of interpersonal relations between immigrants and their families and friends at home, such changes do have an impact on the activities of immigrants, including the economic ones and the entrepreneurial strategies in particular.

In this context, it is worth to consider the social networks and connections created by diaspora members. The term of diaspora points out at the dispersion of the ethnic group from one centre to various geographical locations (Cohen, 1992). Yet, the communities originated from one place, and currently located in these different destinations retain common ethnic heritage and multiple (social, cultural but also economic) linkages not only with the "home" or "homeland" (understood as the place of origin, but not necessarily home country, as there are nations without nation-state), but also between each other (Brubaker, 2005).

The diaspora concept offers a new perspective for investigation of immigrant entrepreneurship and its impact on the economic adaptation of immigrants. The traditional framework assumed the existence of South-North division. In such system, immigrants originated from usually poorer, underdeveloped countries of the Southern hemisphere. By settling in the developed economies of the Northern hemisphere, they were gradually learning how the "modern" socio-economic settings differ from the "backwarded" environment in the home country, and they were accordingly changing their business activity to fit into these new patterns.

Yet, Elo clearly shows, that immigrants move also beyond the direction developing-developed countries (Elo 2016). She claims that the forms and directions of migration

movements are in reality much more complex and multidirectional, and they occur not only from developing and emerging countries to developed, but also in an opposite direction, thus yielding 9 types of diasporan entrepreneurs: “poor-to-poor”, “less poor-to-poor”, “rich-to-poor”, “poor-to-less poor”, “less poor-to-less poor”, “rich-to-less poor”, “poor-to-rich”, “less poor-to-rich” and “rich-to-rich”.
Also Harima (2014) provides a helpful typology in this aspect, introducing a concepts of the “Ascending Diaspora Entrepreneurship” for those individuals who move from less developed countries to more developed ones, and “Descending Diaspora Entrepreneurship”, for those who move in the opposite direction. Moreover, she suggests that the incidence of this second type of entrepreneurs is also substantial and worth further investigation.

These two typologies are even more helpful, when the dynamics in the condition of the source and destination economies is considered. The destination country can be affected by economic recession, which greatly reduced the economic opportunities for immigrant entrepreneurs and limited the attractiveness for conducting further business activities. On the other hand, the home country can improve economically, which in turn offers new chances and possibilities for investors. In such a case, immigrant entrepreneurs can respond to changing economic environment, consequently changing their business models. One of the possible evolutions of immigrant businesses in the case of the deacresing attractiveness of the destination country and the economic advancement at home might be the decision to move back the business to the place of origin or maintain dual economic activities at source and destination economies.

The immigrant entrepreneurs are in principle in an advantageous position when considering to move or start business activity in their home country. Taking the advantage of diaspora networks, they are able to collect information, accumulate funds, hire new employers and get access to know-how in a faster and more efficient way than the outsiders. As the result of this privileged position, they have country-specific cultural capital that allows to identify and exploit new opportunities more effectively than in the case of foreign entrepreneurs.

The experience of such countries as China, India, Korea or Poland demonstrates that diaspora investment can play a key role in transformation of these economies (Smart & Hsu, 2004; Kapur, 2010). Moreover, diasporans can support the growth and internationalization processes of businesses that operate in a source country (Minto-Coy, 2016). In such a case, a diasporan entrepreneur might either launch transnational business activity, create partnerships with already existent firms at home country or even consider return migration, to get the full advantage of the benefits of this economic boom.
Elaborating on this way of thinking, it is worth to think about a potentially inverted u-shape, non-linear association between the economic development at home country and the propensity of entrepreneurial engagement of immigrant entrepreneur. At the initial stage of economic development, the shortage of the effective institutions and market

mechanisms and underdeveloped infrastructure do not encourage entrepreneurial involvement of the diaspora entrepreneurs. Then, the intermediate levels of development offer more favourable conditions for such activity, as the growth potential of the home country rises and the institutional environment is more supportive for investors. Finally, as the home country becomes a highly-developed economy and the internal market becomes very competitive and saturated, the possibilities for the market entry for new players, including diaspora entrepreneurs tend to decrease.

12.4. The role of immigrant's family

A very emblematic, yet often disregarded issue in the discussion on immigrant businesses is the function of the family. As the social embeddedness theory shows, the individual's networks and personal relationships are vital, especially when one wants to mobilize the resources to support a new economic activity, such as business foundation. Thus, family members not only provide a financial capital, but also contribute indirectly, through business ideas, advice, know-how transfer etc.

The family support in the process of business development is directed both from the relatives located in the neighbourhood, but also from the ones who stay in the home country or other more distant geographical locations (i.e. other countries of immigration). Still, the family reunification in the host country influences the further immigrant business evolution, as the long-term commitment to permanent settlement creates the need for reassessing the existing forms of economic activity. In this sense, an immigrant entrepreneur must decide whether the existing business model is still suitable for the needs of his/her family (Bird and Wennberg, 2016).

Moreover, most of the small immigrant businesses are also family firms (Walton-Roberts and Hiebert, 1997), in which family members are the partners, owners, managers and employees in the enterprise. Thus, family is usually crucial in the process of business creation, but also in its further development and evolution - meaning also the possible closure of the business and exit from entrepreneurship (Bird and Wennberg, 2016).

From the literature on family firms we can learn that family businesses are not always the most profitable ones, but they give preference to the long-term goals and the sustainability of doing business over the short-term gains (Block, 2010). Thus, they might pay less competitive salaries but at the same time they provide more stable jobs (Bassanini et al., 2013). The same can be said about many immigrant firms. Albeit they often rely on the ethnic enclave and ethnic market, employ ethnic employees, these features should not be treated as the weakness of the firm. The employees from family in the immigrant enterprise can be less skilled and more conservative, but on the other hand more committed to a common goal, more trustworthy and hardworking.

Moreover, an immigrant might take suboptimal economic decisions in terms of transactions but still being rational in economic sense. For instance, an entrepreneur is choosing a client or supplier, who offers a smaller price or lower quality of goods and services, but on the other hand he/she is a member of a family or of the local ethnic community. As such, this decision might be suboptimal from purely economic perspective, but profitable from the social capital perspective, because is involved with reciprocity (i.e. “favor for favor” effect). Finally, often the patriarchal relations in the immigrant family firms (Walton-Roberts and Hiebert, 1997) lead to the mistreatment of the family employees and to the internal crises within the companies, which are hazardous both for the enterprise’s and the family’s internal coherence.

12.5. The outcome: segmented assimilation, temporary business and transnationalism

Based on the aforementioned factors that affect immigrant entrepreneurship and economic adaptation of immigrants in a host country, Brzozowski (2017) joins them together in an unified model. His framework connects inputs, the intervening factors and proposes three different outcomes of an immigrant business strategy (see Figure X below). The immigrant begins an entrepreneurial activity at a destination, using his/her skills (formal education, entrepreneurial capabilities) and experience (business and professional one).

But this is not the only factor that drives the immigrant entrepreneurship. The immigrant’s business activity is from its very beginning influenced by personal motivations and migration strategy. The motivations and migration strategy resulting from the internal negotiations between a migrant and his/her extended transnational family, which encompasses family members residing both in the host and home country.

Then, once the business entity is formed, the development of immigrant firm is affected by a number of intervening factors which originate from (at least) 2 sources: the host and home country. These factors include the level of socio-economic development, and the set of socio-cultural norms and expectations towards the immigrant.

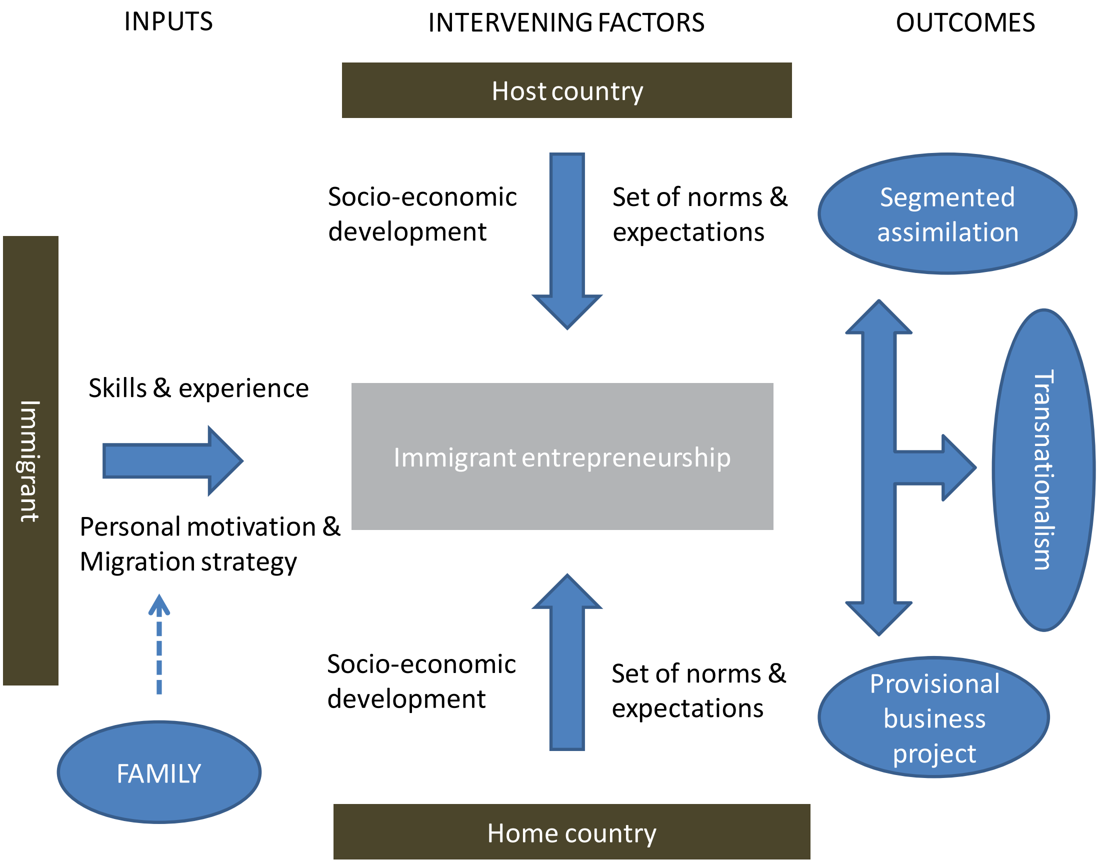
Taken all these inputs and factors all together, the immigrant entrepreneurship activity can move into three directions, which result in heterogeneous strategies of economic adaptation:

- Provisional business project: in a first scenario migration is perceived as an intentionally temporal (short-term) event. Therefore, the business model assumes that sooner or later immigrant will exit from entrepreneurship. Of course such closure of the business project takes place after attaining the economic aim. Usually this goal is the acquisition of a specific amount of financial capital. Once it is achieved, the business project is no longer sustainable, as immigrant intends to return to home country. In this scenario, the profits are not invested in a further development of the enterprise, but mostly transferred back to home country. In this scenario, the typical model of entrepreneurship is a micro-enterprise, and the immigrant alone is self-employed in the firm.

- Segmented assimilation: this approach is related to the permanent stay of immigrant and his/her family in at a destination. As it is connected to long-term focus, the immigrant firm is either developed in order to provide a stable source of income for entire immigrant’s family, or the business is closed. In the case of the business expansion, the immigrant enterprise fate depends on the initial outputs and the socio-economic development of the host country. Consequently, this strategy can resultin: 1) highly segmented marginal firms, operating in the niches of the market left by the locals, 2) ethnic enterprises, which operate in the ethnic enclave and serve mostly the co-ethnic population (i.e. product-integrated firms), or cater the wider clientele by offering specific ethnic goods and services (i.e. market-integrated firms), finally to 3) highly integrated mainstream businesses, which compete on equal terms with native entrepreneurs.

- Transnationalism: this is a strategy which is connected to the economic engagement of immigrant in both locations: at home and host country. Therefore, an immigrant keeps socio-cultural and economic ties with two geographical locations. This in turn can be interpreted as an intermediary strategy, allowing for flexible movements between segmented assimilation and provisional business project. Therefore, the immigrants keep both options "open". Yet, this strategy might also evolve into a more permanent and alternative model of economic adaptation, forming a feasible alternative to the former ones. The continuity of such forms of economic adaptation and transnational immigrant business activities remains until now relatively unidentified and needs much more in-depth research.

Figure 20 The theoretical framework for immigrant entrepreneurship and economic adaptation outcomes



Source: Brzozowski (2017).

12.6. Political implications

Summarizing, it is worth to stress the significance of migrants' personal strategies and motivations, the role of cultural differences between immigrant's home and home country, socio-economic system in the host and home countries and the importance of immigrant's family in running the business project. All these features need to be included while analyzing the influence of immigrant entrepreneurship on the economic conditions of immigrant in a host country. Yet, the advantage of the aforementioned model is its elasticity: as the list of determinants is not exhaustive, the researchers and policy-makers that use this framework can easily drop and add new elements.

In the case of policy implications and guidelines for the administrative bodies who support and promote immigrant entrepreneurship, several issues need to be addressed. First, there is a need to understand better how the immigrant firms evolve over time, and what is the role of the social networks (including family connections, but also co-ethnic ties) in this regard. It is also worth to keep in mind that the entrepreneurial action usually follows a mobility of the person, and it is partly a result of the adopted migration strategy of the individual but also his/her family. In this sense, the entrepreneurial motivations and plans of the immigrants are not the same as the ones of the native population. Moreover, it means that many immigrant business project can be intentionally short-lived, and the aims of such activities is to accumulate funds at home, anticipating future return.
Second, it is important to remember about the former, failed business projects and their importance for current and future forms of economic activities of immigrants. The weakness of the current literature of immigrant entrepreneurship is the fact that most of empirical analyses include only "winners" or "survivors", i.e. these individuals which were successful in starting a entrepreneurial activity and at the moment of the study they were still operating such businesses.

Still, there are many immigrants who either started their firms or failed, or the ones who have not even did not have a chance to start a business. How these experiences influenced their process of economic adaptation in a host country? Have these failed business attempts made them stronger or weaker in this regard? Have they tried again to become entrepreneurs? The policy-makers should take into consideration these issues when supporting immigrant entrepreneurship in host countries.

UNIT 13: Ethnic and minorities entrepreneurship development: the role of family

Most of the ethnic and minority entrepreneurs belong to SMEs sector. Moreover, most of them have not only been created with the help of migrant's family located in the home country, other diaspora centre and/or in the host country, but also the development of such enterprises relies mostly on migrant's family. Interestingly, so far little attention has been paid to this intersection of family and ethnic/minority entrepreneurship, even if those studies are interrelated and interconnected. This part of the module is going to focus on the specifics of migrant family businesses.

Over a half of all businesses around the world is run by families (Halkias & Adendorff, 2014). More and more of them is becoming transnational. There is also a large number of family businesses run by migrants. Family firms from the SME's sector, operating outside the family's country of origin are often a result of a survival strategy for immigrant families, where all (or at least most) of its members contribute to the success of the business. Forced to run its own business by no other (legal) employment perspectives, families get together in a common effort to strive in the host country.

Once the immigrant family business becomes successful, or at least let's say stable, it often becomes obliged to provide employment for more distant relatives. One of the drawbacks of the family run businesses (especially the migrant ones) is a pressure to employ its relatives, often irrespectively of their predispositions. Family business run outside of its country of origin is an excellent cornerstone for creating a diaspora.

The above mentioned model of immigrant family business is a traditional one. In today's world immigrants family entrepreneurship means a lot more. The concept itself become heterogeneous and may refer to a large number of business models. Some of them were already explained in the previous part of the chapter.

13.1. Ethnic and minority specific resources

The immigrant family businesses are one of the most unique, complex and dynamic systems in modern-day society (Halkias & Adendorff, 2014, p.5). This said it is no surprise how those businesses have changed during the past decades on the developing global market.

Among the biggest advantages in the global market is the ease with which we are able to travel and communicate nowadays. For the immigrant family business this means a great opportunity to stay in contact with its country of origin and benefit of this. In other words, those features for example allow family businesses to profit from their networks suppliers (possibly also some members of the family) in the home country or, on the contrary, export goods or services from the host country to their homeland. It is also quite common for those businesses to nurture itself with employees from the country of origin.

Immigrant families wishing to establish its own business face the same need as any new entrepreneur. It is a need of knowledge and experience. On the first sight it may seem that being an immigrant is an obstacle in this case, as the immigrant has to learn the reality of the local market regulations and informal rules, as well as he/she needs to establish all its commercial networks from the scratch. But on the second look we can see that immigrant families may benefit from their experience in making business in their home country (if it was their occupation before leaving).
Having sufficient knowledge about home and host market immigrant family firm may use it for its own development. For example travel companies run by Turkish families in Germany profit from the advantage of knowing the preferences of the German customers, as well as the secrets of the good holidays in their home country.
Also the need to adopt to the new circumstances, such as living conditions, cultural differences, new language, unknown regulations and possible lack of social networks, makes the immigrant families more flexible, open-minded and able to embrace the change, which are a valuable features of any entrepreneur.

Another specific advantage for the immigrant family business are its links with the diaspora in the host country. Diasporas are not only a valuable source of information on the host country market specifics but they often provide a handy support for new immigrant businesses. The specific resources of immigrants include specific immigrant associations, like home-town associations in case of Mexicans in the US, which offer consultancy and legal advice for immigrant entrepreneurs. Another specific benefit is the access to co-ethnic suppliers (so-called vertical integration) and to rotating small-credit associations, like in the case of Koreans in the US (ie. kye ties, cf. Raijman & Tienda, 2003).

13.2. Risk of ghettoization / enclavization

Being an entrepreneur in a foreign country may be a difficult task. Getting around in a new place, dealing with cultural differences, language, building new social and commercial networks plus learning the rules and regulations is quite challenging. But trying to do all of the above together with your family, with all the emotional baggage and struggles to "fit" into new place doubles the effort.
Immigrant family businesses are by all means unique due to the factors mentioned above. Unfortunately not many of those businesses are aware of its uniqueness and therefore face persistent problems caused by a lack of a good governance. As an effect a very poor survival rate of the immigrant family businesses can be observed. Only as little as 30% of those businesses survive into the second generation and less than 15% survive into the third generation (Halkias & Adendorff, 2014).

The minority entrepreneurs are on one hand aware of the risk of ghettoization: reliance on only co-ethnic clientele, pursuing highly segmented type of business leads to limited growth prospects (Curci and Mackoy, 2010). This risk of ghettoization of minority firms is especially visible in the case of succession, as the new generation often exhibits reservation to take over the ethnic minority business from their parents and often considers exit from entrepreneurship (Bird & Wennberg, 2016). If the second and third-generation individuals become entrepreneurs, it happens mostly not due succession process. They tend to create their new mainstream businesses instead, which do not bear the "stigma" of the ethnic group. Surprisingly, these new businesses formed outside the ethnic enclave by the second- and third-generation individuals do not attain the same economics success as the "oldfashioned" ethnic businesses created by the pioneering entrepreneurial generation of immigrant/ethnic minorities individuals (Beckers & Blumberg, 2013).

13.3. Transnational families and transnational diaspora entrepreneurship

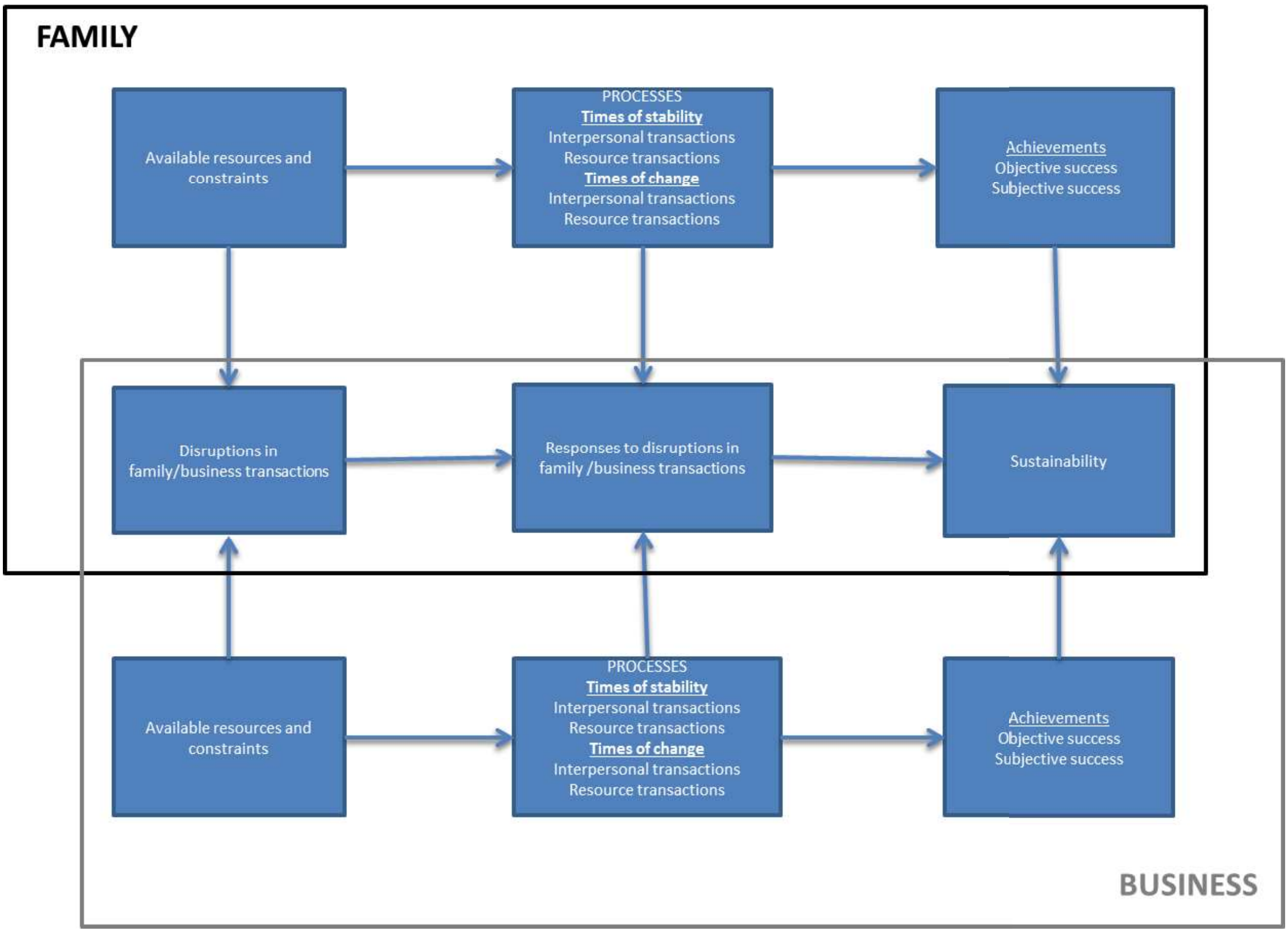
The transnationalism concept is a hot topic in studies on minority entrepreneurship, as due to the liberal integration policies in host countries, improving communication technologies and the falling costs of transportation (Bagwell, 2015), more and more immigrants are allowed, encouraged and able to maintain regular connections with their home countries (or countries of birth, cf. Lin & Tao, 2012). Such linkages with the home country constitute and additional asset and a competitive advantage to many transnational minority businesses over the non-transnational immigrant entrepreneurs and the native entrepreneurs (Brzozowski, Cucculelli & Surdej, 2014). Moreover, the transnational families influence the business models, allowing for faster internationalization and for acquisition of specific know-how, technology, specialized workforce etc.

13.4. Family entrepreneurs vs. ethnic and minority entrepreneurs: towards a unifying approach within the SME sector

To assure its long-term sustainability immigrant family businesses need to develop a good governance model in order to deliver competitive advantages and profitability. Good governance is a challenge not only for immigrant family business but for all the entrepreneurs around the world. However taking into account the complex structure of immigrant family entrepreneurship, with its clash of emotions, responsibilities and family ties, together with cultural differences, language, regulations and marketplace specifics of the host country, this task seems additionally challenging.

To better understand the multi-dimensional structure of immigrant family business governance, the sustainable family business research model will be used. This model was developed by Stafford et al. (1999) for the purpose of the National Family Business Survey (NFBS). This model bases on the assumption that sustainability of a family business depends on the achievements of the entrepreneur both on the field of family and business. This achievements are possible thanks to the interpersonal and resource transactions which take place in the family business. Those transactions are also divided into family and business ones (figure X).

Figure 21 Sustainable family business model



Source: Stafford et al. (1999).

According to the above model, family businesses have their specific resources and constraints emerging from their dual (family and business) nature. They use it, among the other situations, to deal with disruptions in running their family business. According to the model, both the family and business resources and constraints are transformed into interpersonal and resource transactions. The idea of this transformation is to succeed in achieving the sustainability of the business.

As the resources and constraints available to a family we understand the family members' human capital as well as their assets and debts. On the side of the business available resources include human capital of employees and owners, business culture, technology, as well as assets and debts of the business. The transactions made by the family and the business, depending on the circumstances, can be goods-intensive or labour-intensive.
The disruptions to the family business may emerge both from inside or outside of the family or business. Among many of them we can name: changes in regulations, technology, public policy changes, economic crisis, as well as marriage, birth, death or divorce. An example of the subjective achievement of family transactions (interpersonal and resource) could be satisfaction. On the other hand the objective success would be

better living conditions. On the business side of the model, an objective success could be for example adaptability, growth or survival. Subjective success can be seen as the entrepreneur satisfaction and sense of achievement.
To sum up, according to the sustainable family business model, family takes available resources and constrains and converts them into achievements via resource and interpersonal transactions (Halkias & Adendorff, 2014, p.48).

13.5. Exercise: Sustainability of the immigrant family business

This is an exercise summing up the above part of the chapter. The aim of this exercise is to analyse the situation of a given immigrant family business and make an attempt to find a solution to the challenges faced in this specific case, in order to allow its sustainability.

Teacher's note:

Divide students into a groups of 2-3 and provide every group with one of the case studies listed below. Than read or give the instructions. Answer all the students' questions before they start working on the case studies.

It is also possible to make it an individual exercise by giving one case study to every student. In this case it may be interesting to see different solutions for the same cases.

Time required:

15min for reading the case study

15min for reading the instructions + questions to the teacher

45min for preparation

5-10min for presentation of the results

30min for discussion

5min summary of the exercise

total: 2hrs minimum

13.5.1. Instructions:

Try to create a development plan for the entrepreneur described in your case study using the sustainable family business model described above. In order to achieve this goal, try to identify:

- the resources and constraints from the point of view of the family and the business concerned;
- processes taking place on the levels of family and business at the times of stability (initial situation of the company) as well as at the times of possible change described in the case studies;
- possible achievements of the immigrant family firm, measured both as an objective and a subjective success.

13.5.2. Case studies: immigrant family business

Case study 1

Paulinho, 43 years old (country of origin: Brazil)

Migration experience

Paulinho was born in Araucária, southern Brazil. After a secondary school, he stared university education and received a scholarship to study in Spain. During his studies in Europe, he met a girl from Colombia and decided to stay in Europe. He did not manage to complete the MA, but one of his Brazilian colleagues from university has arranged for him a summer job in the UK. He decided to stay permanently, working initially as a storekeeper, then as a waiter in a restaurant. Then he has married a British girl. They have two children. Thanks to marriage with the British citizens he was able to legalize his stay in the UK and obtain a loan to start his own business.

Current entrepreneurial model

Currently Paulinho is running a successful enterprise - a school of capoeira (traditional Brazilian dance - mixture of martial arts and folk dance) in Liverpool. Most of his clients are young British citizens and foreign students who live in Liverpool. He is directing the school, training the more experienced pupils and maintaining contacts with other capoeira associations in Europe. He is employing 2 trainers - both from Brazil, he also hires temporary highly-skilled trainers (Mestres and Grão-mestres) for short-term stays, which include shows and specialized courses. His pupils take part in Capoeira competitions in Brazil, but also in other centres of Brazilian Diaspora.

According to aforementioned classification, Paulinho is a diaspora entrepreneur, as he uses the diaspora resources (short-term mobility of Brazilian trainers, cooperation with other capoeira schools located in various centres of Brazilian diaspora).

Involvement of family members

The foundation of business was possible thanks to the loan obtain by Paulinho's wife. She is his main business partner: she is employed in a firm, taking care of financial matters (a job position which combines a role of the secretary and accountant). Moreover, both of his sons: Alex (14) and Maurício (17) are training capoeira in the school. The older son helps sometimes the mother with organizational issues, but is not interested in staying in family business. On the other hand, the younger one is more interested in capoeira and might be a possible successor in family business.

Sustainability of family business: challenges and opportunities

According to Curci and Mackoy (2010) typology, Paulinho firm belongs to market-integrated businesses, as it offers offering ethnic services to the non-ethnic clients. Reliance on non-ethnic clientele expands considerably the possibilities for business development. Yet, while capoeira school is a profitable business for Paulinho's family, it faces several problems which threaten its sustainability in a long run. The most important one is the high volatility in the number of pupils - as most of the clients are academic students, they usually are involved in training for a maximum number of 2-3 years. After graduation they usually move and leave the school. The business needs to be expanded in two directions: first, aiming at the enrolment of children, who could stay in the training track for a longer period. Second target in terms of possible clients are the working adults. In both cases, Paulinho lacks ideas and social capital to attract such people. Moreover, he needs further investments in a business - the current premises which are rented are too small, badly need refurbishment and are located in a peripheral area. Moving to a bigger office space in a better neighbourhood would enable to attract more customers, but is involved with higher costs. Paulinho so far is afraid of taking more risks, but the current business model is unsustainable in a long run.

Case study 2

Rajesh, 34 years old (country of origin: India)

Migration experience

Rajesh was born in New Dehli in upper-middle class family. After the education in a private college in India, he decided to continue tertiary education in the US. He graduated in Computer Science program at Caltech, and decided to stay. Initially he was working in several ICT companies in Silicon Valley, then he moved to San Francisco when he met his current partner (Paulo is an artist specialized in modern art photography). Together they have decided to start a new business: Paulo contributed with financial capital, while Rajesh with his technical experience and know-how. Although the parents do not accept his involvement with Paulo, he remains very attached to them and visits his mother 6-7 times per year. Moreover, he keeps the contact with India alive as the branch of his firm is located in Bangalore and he must supervise the activity of his team there.

Current entrepreneurial model

Currently Rajesh is running a small ITC company specialized in delivering ICT solutions and programs for art galleries. Albeit small in the number of employees (apart from Rajesh who is both managing director and main IT specialist, in the headquarters of the firm in San Francisco there is another IT specialist and a secretary), the scope of operations is global: the firm has clients in Western Europe, the US and Canada, Australia, Russia and Japan. The main competitive advantage is the reliability, elasticity of the company and quick reaction to clients' needs (in this sector almost every client has different expectations, moreover the modern art market is highly volatile in terms of trends and requirements). Rajesh is able to be successful mostly due to his connection with the home country: he has outsourced most of work to Bangalore, when he employs a group of 12 Indian IT workers. His competitive advantage is the knowledge of soft skills – most of the artists are unable to communicate in technical language: in such situation, Rajesh constitute a bridge between typical "computer nerds" and modern artists.

According to aforementioned classification, Rajesh is a transnational immigrant entrepreneur, as he is able to conduct his operation across international borders: both in the US and his home country (his company has two branches – one in San Francisco and the other in Bangalore), but also on various international locations.

Involvement of family members

The role of Paulo, Rajesh's partner, was absolutely crucial in the foundations of the enterprise. Albeit being a successful ICT specialist, Rajesh did not have enough capital to start a new business and due to his non-traditional style of living his conservative family in New Dehli was not interested in sponsoring such a business. Paulo not only provided financial capital, but also important social networks – first clients of the enterprise were actually his friends and business partners. Yet, Paulo is an extremely successful artist – also in material sense – and is not interested in any further involvement in company's activity. Yet, he expects to have a stake in the profits that Rajesh makes with his business and considers himself a co-owner of the enterprise (albeit this issue was not formally written).

Sustainability of family business: challenges and opportunities

According to Curci and Mackoy (2010) typology, Rajesh is running a highly-integrated business: his services are not connected to his ethnic background and he is serving a non-ethnic clientele. Therefore, at least in principle the perspectives for development of such firm are high. The main challenge to the Rajesh business model is the complicated relationship with his partner. Paulo apart of being a successful artists is 15 years older than Rajesh and wants to focus more on their private relationship. 1 year ago they have adopted a boy, and they are thinking about a marriage. Paulo thinks that Rajesh should focus more on family life and should work less, especially that with the Paulo's artistic activity their economic situation is very comfortable. On the other hand, Rajesh is very excited about his company, which is developing very fast. He also wants to be financially independent from Paulo. He is planning to repay the loan to his partner, but is worried about the personal impact of such decision on their relationship.

Case study 3

Selena, 65 years old (country of origin: Poland)

Migration experience

Selena was born in small village in north-eastern Poland, in a traditional Tatar family. Tatars are an ethnic group of Turco-Mongol origin, who have settled in Eastern Europe from 14th century onwards. This group, albeit highly integrated in Polish society has retained its cultural heritage, including Islamic tradition. Selena, after having studied history at Warsaw University, has decided to come back to her home village. She runs an agrotourism farm with her husband.

Current entrepreneurial model

Selena and her husband are running an agrotourism farm including small Bed and Breakfast, a traditional Tatar restaurant and events for tourists (visits in a Tatar mosque, cartload trips and horse rides). With the increased fashion in Poland for more traditional, close-to-nature tourism, their firm is bringing a reasonable profit.

According to aforementioned classification, Selena is a minority entrepreneur, as she the main marketable item of her enterprise is the Tatar cultural heritage, including music, customs and – most important – Tatar food.

Involvement of family members

Selena runs a firm together with her husband. While she takes care of housekeeping (cleaning the rooms for guests) and cooking, her husband is responsible for repairs in the household and manages the reservations. He also drives the carriage during the trips organized for tourists. Selena and her husband are using their traditional family house, inherited from her parents. As they had very little capital in the beginning of the enterprise, most of the repairs needed to accommodate guests was done by themselves.

Sustainability of family business: challenges and opportunities

According to Curci and Mackoy (2010) typology, Selena's firm belongs to market-integrated businesses, as it offers offering ethnic services to the non-ethnic clients. Yet, the scope of such activity is rather limited, as the house they own hosts on maximum 30 guests. Moreover, the village in they operate is poorly connected to major metropolitan areas, so many tourists get discourage to visit their farm. But the biggest obstacle in their further activity is their age: Selena is 65 and her husband is 72 years old. They find it difficult to continue such intensive work. In the region, it is very difficult to find an adequate worker, moreover due to limited profitability of their business, their wages are not competitive. Selena and her husband do not have children and must think of either closing the enterprise or finding an external successor. A perfect candidate would be Weronika, the best friend of Selena. She is also of Tatar origin, and she is much younger than the couple (45). She already helps in the farm on informal, short-term contract and has proven to be extremely dedicated and reliable. Selena would like to offer Weronika a partnership in the enterprise, but Selena's husband is not ready for such decision.

Case study 4

Natasha, 39 years old (country of origin: Belarus)

Migration experience

Natasha was born in Hatejino, a small village near Minsk in Belarus. After completing the vocational education, she started working in textile factory in Minsk. Then her colleague from high school offered her a job of a caregiver and cleaning maid in the house of the elderly Italian citizen in Bologna. Although this was a very difficult and also moonlighting job, Natasha found this occupation very profitable. She has worked as a caregiver and a cleaning maid for several years: first in Italy, then she moved to Germany. She became a friend of one of her clients. As this old gentleman had no family, he left her all his property after his death. With this initial capital, she started her firm in Berlin. Natasha is single and has one daughter (19 years), who helps her in the enterprise.

Current entrepreneurial model

Natasha is running currently a small firm (ca. 10 employees) specialized in cleaning and care services in the households of the elderly in Berlin, Germany. She is mostly employing immigrant women, not only from Belarus, but mostly from CEE countries: Poland, Romania, Ukraine and Slovakia.

According to aforementioned classification, Natasha is running an immigrant firm.

Involvement of family members

The role of the family is very important: Natasha is running the enterprise, supervises the work of caregivers and sometimes provides temporary replacement for workers (when they go home for holidays, or leave the job). Her daughter is responsible for contacts with the clients, recruitment of the staff and financial matters. As the firm operates at a very low profit margin, Natasha is unable to hire additional administrative staff, and her daughter is actually not paid for her job.

Sustainability of family business: challenges and opportunities

Natasha's firm is considered as highly integrated business, as it offers non-ethnic services for a general (non-ethnic) clientele. In spite of this, the firm faces serious problems in terms of its sustainability. Due to the nature of the activity, the firm provides household services via self-employed individuals (caregivers, which are de facto employees, but are not employed on a formal contract due to taxation issues). This means that the enterprise is facing a competition from the informal/illegal caregivers and large companies, which offer employment contracts. Therefore, Natasha has to cope with extremely high volatility of the staff with whom she cooperates. In order to keep the clients and the reputation of the company, she must sometimes replace her employees until she finds replacement. This makes her work extremely tiresome and stressful. Moreover, her daughter wants to study at the university and leave the job, and she is not interested to take over the enterprise in the future.

Case study 5

Mamed (38 years old, country of origin: Chechnya)

Migration experience

Mamed was born in Chechen Republic, which is now a part of Russian Federation. He has fled his home country during the First Chechen War (1994-1996). They have been granted a tolerated stay status in Poland, and afterwards they moved to Bielefeld in Germany, where the cousins of his father lived. Upon his graduation from vocational school in Germany, Mamed started working as a taxi driver, driving a cab car of his uncle Ali.

Current entrepreneurial model

Mamed is currently running a small car repair shop in the ethnic district in Dusseldorf in Germany. The shop is located in immigrant neighbourhood dominated by Afganis, Chechens, Arab and Turkish migrants. He is managing the firm and repairing cars, helped in this second obligation by his two younger brothers. Their parent is responsible for book-keeping. According to aforementioned classification, Mamed is a refugee entrepreneur.

Involvement of family members

The foundation of the shop would not be possible without the financial assistance from cousins of Mamed's father. The whole family was strongly supported by their relatives, who have settled in Germany before the domestic conflict in Chechnya. Initially, they were living together in the same apartment, despite the inconveniencies caused by such a visit (Mamed has 2 brothers and 3 sisters, so together with the parents the family consists of 8 persons). The premises for a shop were rented at a preferential price from another Chechen refugee and most of the initial clients were also former refugees. Mamed did not have to repay the loan, but in return the cousins have 20% stake in the firm's revenues.

Sustainability of family business: challenges and opportunities

According to Curci and Mackoy (2010) typology, Mamed firm belongs to product-integrated businesses, as it offers offering mainstream services to the ethnic clients. This specific market niche was perfect at the beginning, as Mamed and his family could rely on other members of Chechen refugee community in Dusseldorf. However, there are severe limitations of this approach. As he was helped in the beginning of the firm establishment by his extended family, but also by his co-ethnic neighbors, the same is expected now from him. Many times he is not paid for the repairs made in his shop, as the Chechen fellows explain that "they had a difficult period". Yet, Mamed has an impression that the "difficult periods" tend to happen too often and he simply feels exploited by his co-ethnics. He would like to move his shop to a more profitable location and serve richer clients, but he lacks funding to make a new investment. Moreover, he is afraid of the reaction of his local community.

Case study 6

Muhammad (36 years old, country of origin: Morrocco)

Migration experience

Muhammad was born in a poor family in Marrakesh, Morroco. When he was 12, he has lost his parents in car accident. Fortunately, his uncle who was living in Brussels invited him to Belgium and took care of the boy. Mohammed finished high school there, and thanks to financial support of uncle he went to vocational school specialized in cooking. After completing the education, his uncle helped him financially to open a small restaurant in Kuregem, an Arab-dominated district in Brussels.

Current entrepreneurial model

Muhammad is running a very small ethnic restaurant and cafe, specialized in Morroccan cusine. Here you can eat a traditional tangine dishes, drink mint tea, have a Sisha pipe to smoke and eat some sweet baklava for dessert. As most of habitants in the neighbourhood are also Morroccan, his basic clientele are his co-ethnics. He is the chef of the restaurant and has another kitchen helper, and there are 2 waiters. Mohammad uncle Amir (70 years) is his main business partner, co-owner of the restaurant

t and is responsible for financial matters (mostly book-keeping).

Involvement of family members

The Muhammad business is a traditional small-scale family firm. The initial capital needed for the start-up was provided by his uncle Amir, who now is the co-owner of the restaurant and takes care of accountancy. Additionally, 2 cousins of Muhammad work as waiters, the kitchen helper is also Morroccan immigrant, but not related to family. Moreover, the main ingredients (lamb meet, vegetables, etc.) are supplied by the halal shop, owned by Amir brother, Hamid.

According to aforementioned classification, Muhammad is an ethnic entrepreneur, as his business is operated in an ethnic district, he relies mostly on the work and cooperation of his family members and other members of the ethnic group, offers typical ethnic goods (food) and serves his co-ethnic clientele.

Sustainability of family business: challenges and opportunities

According to Curci and Mackoy (2010) classification, Muhammad is running a highly segmented businesses, as he is offering ethnic-specific goods and services mostly for the co-ethnic clients. The reliance on ethnic clientele is usually good at the initial phase of the company development due to low barriers of entry, ethnic solidarity and reliance on ethnic networks (f.i. Hamid – an uncle who supplies halal food to restaurant, offered him a merchant credit). Yet, at a current stage of the development the reliance on ethnic enclave has reached its limits. Muhammad wants to move the restaurant to another – more multi-ethnic location, hoping to get more customers. Obviously, the uncle Amir is the biggest obstacle. He is happy that the restaurant is located at the same building where he has an apartment. Muhammad actually is not exploiting the full potential of the premises, as 50% of the tables are "always busy", occupied by Amir old friends, who are now retired and have a lot of free time. They just drink mint tea and sit for hours, so many potential guests are discouraged to wait for a free table. However, ending the partnership is not easy not even for financial (Muhammad was able to accumulate some founds) but due to emotional reasons. Amir treated Muhammad as his own son and has no children of his own, so it would be hard to leave the uncle and open a new business elsewhere.

Reflective Questions

The questions provided in this section will help you in a better understanding of the teaching material provided in this section. Please read them and to try to provide the answers in a creative way. If possible, try to discuss your answers with your colleagues from the class:

1. What are the benefits of the immigrant entrepreneurship from the economic perspective of the host country? Can you also provide some negative consequences? In this regard, try to adopt a macro perspective (costs & benefits for the UK, Germany etc.).
2. Given all the theoretical background from the above chapter, name the advantages and disadvantages of running an imigrant family business in the host country in the case of individual (microeconomic perspective).
3. Name at least five examples of how imigrant family businesses may profit from the developmnent of the social media and avaliable possibilities of travel.
4. Should all refugees become entrepreneurs in a host country? Present the challenges and opportunities for business creation by politically-driven migrants.
5. Should we promote immigrant entrepreneurship to improve the assimilation of immigrant communities in a host country? Please give some reasons for against this hypothesis.
6. After carefully reading the examples given in this chapter, name the risks faced by the small and medium imigrant family enterpsises.
7. Imagine yourself as an imigrant to a country of you choice. What kind of business would you consider to start and why? According to Curci and Mackoy (2010) typology, would it be highly-segmented, market-integrated, product integrated or highly-integrated businnes?
8. Name the factors which enable sustainability of imigrant family businesses.
9. What are the benefits of transnational activity of immigrants and immigrant entrepreneurs in particular? Are there any costs & negative outcomes of this strategy?

List of References

———. 1985. Organizational Culture and Leadership. Vol. 2. John Wiley & Sons. https://www.google.com/books?hl=hu&lr=&id=DlGhlT34jCUC&oi=fnd&pg=PR9&dq=schein+organizational+culture+and+leadership&ots=-dm29kWlGW&sig=jjh0GKyHhF6QTnX848ZgSwHJtQE.

———. 2011. 'A Model to Study the Organizational Culture of the Family Firm'. Small Business Economics 36 (1):47–64.

Abdelhady, D. (2006). Beyond home/host networks: Forms of solidarity among Lebanese immigrants in a global era. Identities: Global studies in culture and power, 13(3), 427-453.

Abernethy, M.A. – Stoelwinder, J.U. (1995). The role of professional control in the management of complex organizations. Accounting, Organizations and Society, 20(1), 1-17.

Abouzaid (2011) IFC Family Business Governance Handbook, International Finance Corporation, World Bank, Washington.

Abraham, M., Kaliannan, M., Mohan, A. V. (2015) A review of SMEs recruitment and selection dilemma: Finding a 'fit'. The Journal of Developing Areas, Special Issue on Kuala Lumpur Conference, August 2014. Volume 49 No. 5.

Acs, Z. J., Desai, S., & Hessels, J. (2008). Entrepreneurship, economic development and institutions. Small business economics, 31(3), 219-234.

Aguilera, R. V. and Jackson, G. (2003) The Crossnational Diversity of Corporate Governance: Dimensions and Determinants, Academy of Management Review, 28, 447–465.

Ainsworth, S., Wolfram C. S. (2003) Families Divided: Culture and Control in Small Family Business. Organization Studies 24 (9):1463–1485.

Aldrich, H. E., & Waldinger, R. (1990). Ethnicity and entrepreneurship. Annual review of sociology, 16(1), 111-135.

Algan, Y., Dustmann, C., Glitz, A., & Manning, A. (2010). The Economic Situation of First and Second-Generation Immigrants in France, Germany and the United Kingdom. The Economic Journal, 120(542), F4-F30.

Aliaga-Isla, R., & Rialp, A. (2013). Systematic review of immigrant entrepreneurship literature: previous findings and ways forward. Entrepreneurship & Regional Development, 25(9-10), 819-844.

Alistair, C. and John Loan-Clarke, J. (2013) Organisational and Corporate Culture. In: WILKINSON, A. and REDMAN, T. (eds.). Contemporary Human Resource Management. Pearson.

Altomonte, C., & Aquilante, T. (2012). The EU-EFIGE/Bruegel-unicredit dataset (No. 2012/13). Bruegel working paper.

Alvesson, M., Bridgman, T., Willmott H. (2009) Introduction. In: ALVESSON, M., WILLMOTT, H., BRIDGMAN, T. (eds.). The Oxford Handbook of Critical Management Studies. USA: Oxford University Press.

Alvesson, M., Willmott, H. (1996) Making Sense of Management: A Critical Introduction. Sage Publications Ltd.

Ambrosini, M. (2013). Immigration in Italy: Between economic acceptance and political rejection. Journal of international migration and integration, 14(1), 175-194.

Andersson, L., & Hammarstedt, M. (2015). Ethnic Enclaves, Networks and Self-Employment among Middle Eastern Immigrants in Sweden. International Migration, 53(6), 27-40.

Ando, F. H. (1988). Capital issues and the minority-owned business. The Review of Black Political Economy, 16(4).

Andrews, K.R. (1971) The Concept of Corporate Strategy. Homewood, Irwin.

Ansoff, I., (1965) Corporate strategy, McGraw Hill, New York,

Argylis, C. (1992) On organizational learning. Blackwell, Cambridge, MA

Argyris, C., Schon D. (1978) Organizational Learning: A Theory of Action Approach. Reading, MA: Addision Wesley.

Argyris, Chris, and Donald Schon. 1978. 'Organizational Learning: A Theory of Action Approach'. Reading, MA: Addision Wesley.

Armstrong, M. – Taylor, S. (2014) Armstrong's Handbook of Human Resource Management Practice. London: KoganPage, (13th Edition)

Arthurs, J. D., Busenitz, L. W. (2003) The boundaries and Limitations of Agency Theory andStewardship Theory in the Venture Capitalist/Entrepreneur Relationship, Entrepreneurship Theory and Practice, 28 (2): 145-16.

Bagwell, S. (2015). Transnational entrepreneurship amongst Vietnamese businesses in London. Journal of Ethnic and Migration Studies, 41(2).

Bakacsi, Gy. (1998) Szervezeti Magatartás és Vezetés. Budapest: Közgazdasági és Jogi Könyvkiadó.

Bakhtin, M. M. (1986) Speech genres and other late essays. Austin: University of Austin Press.

Barach, J. A., Gantisky, J., Carson, J. A., Doochin, B. A. (1988): Entry of the next generation: Strategic challenge for family business. Journal of Small Business Management, 26(2), 49–56.

Barbero, J. L., Casillas, J. C., & Feldman, H. D. (2011). Managerial capabilities and paths to growth as determinants of high-growth small and medium-sized enterprises. International Small Business Journal, 29(6).

Barnett, T., & Kellermanns, F. W. (2006). Are we family and are we treated as family? Nonfamily employees' perceptions of justice in the family firm. Entrepreneurship Theory and Practice, 30(6).

Barroso Martínez, A, Sanguino Galván, R, Bañegil Palacios, T. (2013) Study of factors influencing knowledge transfer in family firms. Intangible Capital, 2013 – 9(4): 1216-1238.

Bass, B. M. (1990) From Transactional to Transformational Leadership: Learning to Share the Vision. Organizational Dynamics 18 (3):19–31.

Bassanini, A., Breda, T., Caroli, E., Rebérioux, A., (2013), Working in family firms: paid less but more secure? Evidence from French matched employer-employee data, ILRReview, 66(2): 433-466.

Basu, A. (2006). Ethnic minority entrepreneurship. [in:] A. Basu, M. Casson, N. Wadeson, and B. Yeung (eds.) The Oxford Handbook of Entrepreneurship, Oxford University Press.

Basu, A., & Altinay, E. (2002). The interaction between culture and entrepreneurship in London's immigrant businesses. International small business journal, 20(4), 371-393.

Bates, T., Jackson III, W. E., & Johnson Jr, J. H. (2007). Advancing research on minority entrepreneurship. The Annals of the American Academy of Political and Social Science, 613(1).

Bauer, J. – McAdams, D. (2010) Eudaimonic Growth: Narrative Growth Goals Predict Increases in Ego Development and Subjective Well-Being 3 Years Later. Developmental Psychology, Vol. 46. No. 4, 761-772

Bazerman, M. H., & Schoorman, F. D. (1983) A limited rationality model of interlocking directorates. Academy of Management Review, 8 206–217.

Beckers, P., & Blumberg, B. F. (2013). Immigrant entrepreneurship on the move: a longitudinal analysis of first-and second-generation immigrant entrepreneurship in the Netherlands. Entrepreneurship & Regional Development, 25(7-8).

Berent-Braun, M. M. and Uhlaner, L.M. (2012) Family governance practices and teambuilding: Paradox of the enterprising family Small Business Economics, 38 (1) 103-119

Berle, A. A. and G. C. Means (1932) The Modern Corporation and Private Property. Harcourt, Brace and World, New York.

Berry, J. W. (1997). Immigration, acculturation, and adaptation. Applied psychology, 46(1), 5-34.

Bhagat, S., & Black, B. (2002) The non-correlation between board indpendence and long-term firm performance. Journal of Corporation Law, 27(2): 231-273.

Bird, M., & Wennberg, K. (2016). Why family matters: The impact of family resources on immigrant entrepreneurs' exit from entrepreneurship. Journal of Business Venturing, 31(6).

Bizri, R. (2016)," Succession in the family business: drivers and pathways ", International Journal of Entrepreneurial Behavior & Research, 22(1).

Blair, M. (1995) Ownership and control: rethinking corporate governance for the twenty-first century, Brookings Institution, Washington DC.

Blattberg, Charles (2004). "Welfare: Towards the Patriotic Corporation". From Pluralist to Patriotic Politics: Putting Practice First. New York: Oxford University Press. 172–184. ISBN 0-19-829688-6.

Block, J., (2010), Family Management, Family Ownership, and Downsizing: Evidence From S&P 500 Firms, Family Business Review 23(2) 109 – 130.

Bokor, A., Szőts Kováts, K., Csillag S., Bácsi K., Szilas R. (2014) Emberi erőforrás menedzsment. NTK. Budapest.

Bond, M. (2005) "Reassessing the Inner Circle Theory: A Social Structural Analysis of Corporate Donations to the Conservative Party in Britain" Sociology Working Papers Number 2005-01 University of Oxford www.sociology.ox.ac.uk/swp.html

Boyd, B.K., (1994) Board control and CEO compensation. Strategic Management Journal 15: 335-344.

Bradley, M. (2016) Investing in Minority Entrepreneurs: An Economic Imperative for the U.S. Source: http://www.kauffman.org/blogs/growthology/2016/02/investing-in-minority-entrepreneurs-an-economic-imperative-for-the-us

Brenes, E.R., Madrigal, K. and Requena B. (2011) Corporate governance and family business governance Journal of Business Research, 64 (3) 280-285.

Brewis, J. (2007) Culture. In: KNIGHTS, D. AND WILLMOTT (eds.). Introducing Organizational Behaviour and Management. Thomson Learning.

Brubaker, R. (2005). The 'diaspora'diaspora. Ethnic and racial studies, 28(1), 1-19.

Brunninge, O., Nordqvist, M., & Wiklund, J. (2007). Corporate governance and strategic change in SMEs: The effects of ownership, board composition and top management teams. Small Business Economics, 29(3).

Bryce, R. (2002) Pipe dreams: Greed, ego, and the death of Enron. New York: Public Affairs.

Bryson, A., White, M. (2016): When does HRM 'Work' in Small British Enterprises? Department of Quantitative Social Science, UCL Institute of Education, University College London, Working Paper No. 16-01,

Brzozowski, J. (2017). Immigrant Entrepreneurship and Economic Adaptation: A Critical Analysis. Entrepreneurial Business and Economics Review, 5(2), 159-176.

Brzozowski, J. Cucculelli, Surdej, A. (2014) Transnational ties and performance of immigrant entrepreneurs: the role of home-country conditions, Entrepreneurship & Regional Development 26(7–8), 546–573.

Brzozowski, J., Coniglio, N.D., (2016) Migration and Development at Home: Bitter or Sweet Return? Evidence from Poland, European Urban and Regional Studies, forthcoming, doi: 10.1177/0969776416681625

Brzozowski, J., Pędziwiatr, K. (2015), Pushed to the mainstream market: the case of immigrant entrepreneurs in Lesser Poland [in:] L. Falťan (ed.), Cross-Border Migration and its Implications for the Central European Area, Institute for Sociology of the Slovak Academy of Sciences, Bratislava, 178-198.

Burrell, G. and Morgan, G. (1979) Sociological Paradigms and Organizational Analysis. Elements of the Sociology of Corporate Life. London: Heinemann.

Burris, V. (1991) "Director Interlocks and the Political Behaviour of Corporations and Corporate Elites." Social Science Quarterly 72 (3): 537-51.

Byman, D., & Speakman, S. (2016). The Syrian Refugee Crisis: Bad and Worse Options. The Washington Quarterly, 39(2), 45-60.

Cannella, A.A., Jones, C.D. & Withers, M. (2015) Family- versus lone-founder controlled public corporations: Social identity theory and board` of directors. Academy of Management Journal, 58 (2): 436-459

Caparrós Ruiz, A. (2010). Self-employment or paid employment as the first job: Evidence from Spain by nationality. International Journal of Social Economics, 37(12), 951-969.

Carlock, R.S. and Ward, J.L. (2001) Strategic Planning for the Family Business Parallel Planning to Unify the Family and the Business. Palgrave, New York.

Carpenter, M. A. & Westphal, J. D. (2001) The strategic context of external network ties: Examining the impact of director appointments on board involvement in strategic decision making. Academy of Management Journal, 44 (4): 639–660.

Casey, C. (1999). Come, Join Our Family: Discipline and Integration in Corporate Organizational Culture. Human Relations 52 (1):155–78.

Cennamo, C., Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional Wealth and Proactive Stakeholder Engagement: Why Family-Controlled Firms Care More About Their Stakeholders. Entrepreneurship: Theory and Practice, 36(6): 1153-1173. DOI: 10.1111/j.1540-6520.2012.00543.x

Chang, Y. M., & Luo, Z. (2015). Endogenous division rules as a family constitution: strategic altruistic transfers and sibling competition. Journal of Population Economics, 28(1).

Charkham, J. P. (1986) Effective boards: the independent element and the role of the non-executive director, Institute of Chartered Accountants in England and Wales, London.

Cheyne, A., Loan-Clarke, J. (2013). 'Organisational and Corporate Culture'. In Contemporary Human Resource Management, edited by Wilkinson, Adrian and Redman, Tom, 4., 290–329. Pearson.

Chiang, L. H. N. (2004). The Dynamics of Self-employment and Ethnic Business Ownership among Taiwanese in Australia. International Migration, 42(2), 153-173.

Chiang, L. H. N. (2004). The Dynamics of Self-employment and Ethnic Business Ownership among Taiwanese in Australia. International Migration, 42(2), 153-173.

Chirico, F. (2008) The creation, sharing and transfer of knowledge in Family business. Journal of Small Business and Entreprenourship Vol. 21 (4) pp. 413-434 http://dx.doi.org/10.1177/0266242608091173

Chrisman, J. J., Chua, J. H., & Litz, R. A. (2003) A unified systems perspective of family firm performance: An extension and integration. Journal of Business Venturing, 18: 467-472.

Chrisman, J. J., Chua, J. H., Pearson, A. W., & Barnett, T. (2012). Family involvement, family influence, and family-centered non-economic goals in small firms. Entrepreneurship theory and practice, 36(2).

Chrisman, J.J., Chua, J.H. & Sharma, P. (2005), Trends and directions in the development of a strategic management theory of the family firm, Entrepreneurship Theory and Practice, 29 (5) pp. 555-576.

Chrysostome, E. (2010). The success factors of necessity immigrant entrepreneurs: In search of a model. Thunderbird International Business Review, 52(2).

Chua, C.E. – Lim, W.K. – Soh, C. – Sia S. K. (2012). Enacting clan control in complex IT projects: a social capital perspective. MIS Quarterly, 36, 2, 567-700.

Chua, J.H., Chrisman, J.J., & Sharma, P. (1999) Defining the family firm by behavior. Entrepreneurship Theory and Practice, 23(4) 19–39.

Chua, J.H., Chrisman, J.J., Steier, L.P., & Rau, S. (2012) Sources of heterogeneity in family firms: An introduction. Entrepreneurship Theory and Practice, 36(6): 1103–1113.

Clarke, T. 1998, "Research on Corporate Governance." Corporate Governance: An International Review, 6 (1): 57-66.

Coase, R. H. (1937) "The Nature of the Firm," Economica 4(16): pp. 386-405.

Cobas, J. A. (1987). Ethnic Enclaves and Middleman Minorities Alternative Strategies of Immigrant Adaptation?. Sociological Perspectives, 30(2), 143-161.

Coelho, P.R.P, McClure, J. E. and Spry, J. (2003): The Social Responsibility of Corporate Management: A Classical Critique, in: Mid-American Journal of Business, vol. 18, 15-24.

Cohen, R. (1992). The diaspora of a diaspora: the case of the Caribbean. Social Science Information, 31(1), 159-169.

Collins, L. A., & Fakoussa, R. (2015). Ethnic minority entrepreneurship: an examination of Pakistani entrepreneurs in the UK. Journal of Innovation and Entrepreneurship, 4(1).

Constant, A. F. (2009). Businesswomen in Germany and their performance by ethnicity: It pays to be self-employed. International Journal of Manpower, 30(1/2), 145-162.

Constant, A., & Shachmurove, Y. (2006). Entrepreneurial ventures and wage differentials between Germans and immigrants. International Journal of Manpower, 27(3), 208-229.

Conyon, M. J., Gregg, P. and Machin, S. (1995) "Taking Care of Business: Executive Compensation in the UK", Economic Journal 105: 704–715.

Couton, P. (2013). The impact of communal organizational density on the labour market integration of immigrants in Canada. International Migration, 51(1), 92-114.

Cruz, C., Justo, R., & De Castro, J. O. (2012). Does family employment enhance MSEs performance?: Integrating socioemotional wealth and family embeddedness perspectives. Journal of Business Venturing, 27(1), 62-76.

Cunliffe, A. (2009) A Very Short, Fairly Interesting and Reasonably Cheap Book about Management, Sage Publications Ltd.

Cunningham, J., Seaman, C. and MCGUIRE, D. (2016) Knowledge sharing in small family firms. Journal of Family Business Strategy, Vol. 7 (1), pp. 34-46.

Curci, R., and R. Mackoy. 2010. "Immigrant Business Enterprises: A Classification Framework Conceptualization and Test." Thunderbird International Business Review 52 (2): 107–121.

Dada, O., & Fogg, H. (2016). Organizational learning, entrepreneurial orientation, and the role of university engagement in SMEs. International Small Business Journal, 34(1).

Daft, R.L. (2003). Management. 6th Edition. Thomson Learning.

Daily, C. M. and Dalton, D. R. (1992) "The Relationship Between Governance Structure and Corporate Performance in Entrepreneurial Firms", Journal of Business Venturing, 7: 375-386.

Daily, C. M. and Dalton, D. R. (1994) "Outside Directors Revisited: Prescriptions for CEOs and Directors", Journal of Small Business Strategy, 5: 57-68.

Daily, C. M., & Dalton, D. R. (1993) Board of directors leadership and structure: Control and performance implications. Entrepreneurship Theory and Practice, 17: 65–81.

Daily, C. M., Johnson J. L. and Dalton, D. R. (1999) "On the measurement of board composition: poor consistency and a serious mismatch of theory and operationalization." Decision Sciences 30 (1): 83-106.

Daily, C.M., Dalton, D.R. and Cannella, A.A. (2003) Corporate Governance Decades of Dialogue and Data. Academy of Management Review, 28, 371-382.

Dale, A. (2015). Self-Employment and entrepreneurship: notes on two problematic concepts. [in:] R. Burrows, Deciphering the Enterprise Culture: Entrepreneurship, Petty Capitalism and the Restructuring of Britain, Routledge Revivals, Routledge, New York: 35-52.

Dallas LL (1988) Two models of corporate governance: Beyond Berle and Means. Journal of Law Reform; 22 (1): 19–116.

Dalpiaz, E., Tracey, P., Phillips, N. (2014) Succession Narratives in Family Business: The Case of Alessi. Entrepreneurship Theory and Practice Family Business, Special Issue. Volume 38(6):1375–1394.

Dalton, D.R., C.M. Daily, A.I. Ellstrand & J.L. Johnson, (1998) "Meta-Analytic Reviews of Board Composition, Leadership Structure, and Firm Performance", Strategic Management Journal, 19 (3): 269-290.

Dana, L. P. (Ed.). (2007). Handbook of research on ethnic minority entrepreneurship: A co-evolutionary view on resource management. Edward Elgar Publishing.

Danes, S. M., Lee, J., Stafford, K., & Heck, R. K. Z. (2008). The effects of ethnicity, families and culture on entrepreneurial experience: An extension of sustainable family business theory. Journal of Developmental Entrepreneurship, 13(03), 229-268.

Davis, J.A. & Tagiuri, R. (1989). The influence of life-stage on father–son work relationships in family companies. Family Business Review, 2, 47–74.

Davis, J.H., Schoorman, F.D., & Donaldson, L. (1997) Academy of Management Review, 22: 20-47.

Davis, K.F., D'Odorico, P, Laio F, Ridolfi, L., (2013) Global Spatio-Temporal Patterns in Human Migration: A Complex Network Perspective. PLoS ONE 8(1): 1-8.

Dawson, A. and Mussolino, D. (2014) Exploring what makes family firms different: Discrete or overlapping constructs in the literature? Journal of Family Business Strategy, 5: 169-183.

De Bono, E. (1985) Six thinking hats. Toronto, Ont, Key Porter Books.

De Haas, H., (2010), Migration and Development: A Theoretical Perspective, International Migration Review, 44(1): 227-264.

de Kok, J. M (2003) Human resource management in small- and medium-sized enterprises. PhD thesis. Timbergen Institute Research Series No. 313 Thesis, Erasmus University, Rotterdam.

de Kok, J. M., Uhlaner, L. M., Thurik, R. A. (2009): Professional HRM Practices in Family Owned-Managed Enterprises. Journal of Small Business Management 2006 44(3), pp. 441–460

de Kok, J. Thurik, R. A. and Uhlander, L. M. (2006) Professional HRM practices in Family owned-managed entreprises. Journal of Small Business Management. Vol 44(3) pp 441-460

Deal, T. E. and Kennedy, A. A. (1982) Corporate cultures: the rights and rituals of corporate life, Addison- Wesley, Reading, Massachusetts.

Deci, E. L. (1976) Intrinsic Motivation. London: Plenum Press

Del Baldo, M. (2012). Corporate social responsibility and corporate governance in Italian SMEs: the experience of some "spirited businesses". Journal of Management & Governance, 16(1)

Denison, D., Colleen, L., and Ward, J. L. (2004) Culture in Family-Owned Enterprises: Recognizing and Leveraging Unique Strengths. Family Business Review 17 (1):61–70.

Dessler, G. (2013) Human Resource Management. 13th edition. New Jersey: Pearson Education.

Domhoff, G. W. (2005) Who Rules America? (Fifth ed.). New York: McGraw-Hill.

Domhoff, G. W. (2009) "The Power Elite and Their Challengers: The Role of Nonprofits in American Social Conflict." American Behavioral Scientist 52:955-973.

Donaldson, L. and J.H. Davis, (1991) “Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns”, Australian Journal of Management 16(1)

Donaldson, T. and Davis, J. H. (1994) Boards and Corporation Performance – Research Challenges the Conventional Wisdom, Corporate Governance, 2, 151–160.

Donaldson, T., and Preston, L. (1995) The Stakeholder Theory of the Corporation: Concepts, evidence and Implications, Academy of Management Review, 20, (1): 65-91.

Drori, I., Honig, B., & Wright, M. (2009). Transnational entrepreneurship: An emergent field of study. Entrepreneurship Theory and Practice, 33(5), 1001-1022.

Duberley, J. and Johnson, P. (2009) Critical Management Methodology. In Alveson, M., Bridgman, T. and Willmott, H. (eds.). The Oxford Handbook of Critical Management Studies, Oxford University Press: 345–368.

Dustmann, C. (1996). Return migration: the European experience. Economic policy, 11(22), 213-250.

Dustmann, C., & Fabri, F. (2005). Immigrants in the British Labour Market. Fiscal Studies, 26(4), 423-470.

Dustmann, C., Fabbri, F., & Preston, I. (2005). The Impact of Immigration on the British Labour Market*. The Economic Journal, 115(507), F324-F341.

Dustmann, C., Mestres, J., (2010), Remittances and temporary migration, Journal of Development Economics, 92 (2010): 62–70.

Dyer, W. G. (1988) Culture and Continuity in Family Firms. Family Business Review 1 (1):37–50.

Eisenhardt, K. M. (1989) "Agency Theory: An Assessment and Review", Academy of Management Review, 15 (1) 57-75.

Eisenhardt, K.M. (1985) Control: Organizational and Economic Approaches. Management Science, 31(2), 134-149.

Elo, M. (2016). Typology of diaspora entrepreneurship: Case studies in Uzbekistan. Journal of International Entrepreneurship, 14(1).

Elo, M., & Freiling, J. (2015). Transnational Entrepreneurship: An Introduction to the Volume. American Journal of Entrepreneurship, 8(2), 1-8.

Elo, M., Harima, A., & Freiling, J. (2015). To Try or Not to Try? A story of diaspora entrepreneurship. In The Future of Global Organizing (pp. 283-293). Emerald Group Publishing Limited.

Entrepreneurial Business and Economics Review, 5(2), 159-176.

Eraydin, A., Tasan-Kok, T., & Vranken, J. (2010). Diversity matters: immigrant entrepreneurship and contribution of different forms of social integration in economic performance of cities. European Planning Studies, 18(4), 521-543.

ERNST & YOUNG GLOBAL LIMITED (2017) EY Family Office Guide. Pathway to successful family and wealth management. Avaiable from: http://familybusiness.ey.com/pdfs/1006031-family-office-guide-hr.pdf [Accessed: 10th October 2017.]

Etzioni, A. (1997) Modern organizations. Englewood Cliffs, NJ: Prentice Hall.

Evans, M. D. R. (1984). Immigrant women in Australia: resources, family, and work. International Migration Review 18(4), 1063-1090.

EY Family Office Guide. Pathway to successful family and wealth management. Ernst & Young Global Limited, 2017. Downloaded: http://familybusiness.ey.com/pdfs/1006031-family-office-guide-hr.pdf, 10th October 2017.

Faggio, G., & Silva, O. (2012). Does self-employment measure entrepreneurship? Evidence from Great Britain. SERC Discussion Paper 109, Spatial Economics Research Centre (SERC), London School of Economics.

Fahed-Sreih, J. (2009) An exploratory study on a new corporate governance mechanism. Evidence from small family firms Management Research News, 32 (1) 50-61

Fairhurst, G. T., & Sarr, R. A. (1996) The art of framing: Managing the language of leadership. San Francisco: Jossey-Bass.

Fama, E. F. and Jensen. M. C. 1983. Journal of Law and Economics, Vol. 26, No. 2.

Felstead, A., Jewson, N., – Walters, S. (2003). Managerial Control of Employee Working at Home. British Journal of Industrial Relations, 41(2), June, 241-264

Fernández-Kelly, P., & Konczal, L. (2005). "Murdering the Alphabet" Identity and entrepreneurship among second-generation Cubans, West Indians, and Central Americans. Ethnic and Racial Studies, 28(6), 1153-1181.

Fernando, C. S. May, A. D. and Megginson, W. L. (2012) "The Value of Investment Banking Relationships: Evidence from the Collapse of Lehman Brothers." The Journal of Finance, 67 (1): 235-270.

Fleischer, Ch. H. (2009): HR for Small Business: An Essential Guide for Managers, Human Resources Professionals, and Small Business Owners. 2nd Ed, Sphinx Publishing, New York.

Fletcher, D., Melin, L. and Alberto Gimeno, A. (2012) Culture and Values in Family Business—A Review and Suggestions for Future Research'. Journal of Family Business Strategy 3 (3):127–131.

Fong, E., Luk, C., & Ooka, E. (2005). Spatial distribution of suburban ethnic businesses. Social Science Research, 34(1), 215-235.

Foucault, M. (1979) Power, Truth, Strategy. Sydney: Feral Publications.

Fournier, V. and Grey, C. (2000) At the Critical Moment: Conditions and Prospects for Critical Management Studies. Human Relations 53 (1):7–32.

Frank, H., Kessler, A., Mitterer, G. and Weismeier-Sammer, D. (2012) Learning Orientation of SMEs and Its Impact on Firm Performance. Journal of marketing development and competitiveness. Vol 6(3) pp. 29-41.

FRC (2016) The UK Corporate Governance Code, Financial Reporting Council https://www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf

Freeman, R. E. (1984) Strategic Management: A stakeholder approach. Boston: Pitman
Goffman, E. 1955. "On Face-work: An Analysis of Ritual Elements of Social Interaction." Psychiatry: Journal for the Study of Interpersonal Processes 18 (3): 213-231.

Freeman, R. E., Wicks, A. C. And Parmar, B. (2004) Stakeholder theory and "The corporate objective revisited." Organ. Sci. 15(3) 364–369.

Friedman, A. and S. Miles. (2006) Stakeholders: Theory and Practice: Oxford University Press. New York

Friedman, M. (1980) Capitalism and Freedom, Chicago.

Fuller, S., & Martin, T. F. (2012). Predicting Immigrant Employment Sequences in the First Years of Settlement. International Migration Review, 46(1), 138-190.

Fullin, G., & Reyneri, E. (2011). Low unemployment and bad jobs for new immigrants in Italy. International Migration, 49(1), 118-147.

Fusco, W. (2005). Capital Cordial: a reciprocidade entre os imigrantes brasileiros nos Estados Unidos. PhD thesis, Instituto de Filosofia e Ciências Humanas, Universidade Estadual de Campinas.

Garavan, T., Watson, S., Carbery, R., & O'Brien, F. (2016). The antecedents of leadership development practices in SMEs: The influence of HRM strategy and practice. International Small Business Journal, 34(6).

Gartner, W. B. (1990). What are we talking about when we talk about entrepreneurship?. Journal of Business venturing, 5(1), 15-28.

Garvin, D.A., Edmonson A.C. and Gino. F. (2008) Is yours a learning organization? Harward Business Review, March, pp110-116.

Gelei, A. (2002) A Szervezeti Tanulás Interpretatív Megközelítése: A Szervezetfejlesztés Esete. Doktori Értekezés. Budapest: Budapesti Corvinus Egyetem, Gazdálkodástudományi doktori Iskola.

GEM, (2016). Global Entrepreneurship Monitor - Adult Population Survey Measures, 2015, Global Entrepreneurship Research Association, London Business School: London. Data-set available at: http://gemconsortium.org/data/key-indicators

Gersick, K. E. (2015) Essay on Practice: Advising Family Enterprise in the Fourth, Entrepreneurship Theory and Practice, 39 (6) 1433–1450 John Wiley & Sons, Ltd

Gersick, K. E., & Feliu, N. (2014) Governing the family enterprise: Practices, performance, and research. In L. Melin, M. Nordqvist, & P. Sharma (Eds.), The Sage handbook of family business (pp. 196-225). London, England: Sage

Gersick, K.E., Davis, J.A., McCollom Hampton, M. and Lansberg, I. (1997) Generation to Generation: Life Cycles of the Family Business, Harvard Business School Press, Boston, MA.

Ghoshal, S. (2005) Bad Management Theories Are Destroying Good Management Practices, Academy of Management Learning and Education, 4(1): 13-47

Gilding. M. (2000), Family business and family change: Individual autonomy, democratization, and the new family business institutions, Family Business Review, 13 (3): 239-250

Gomez-Mejia, L. R., Haynes, K., Nun˜ez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. Administrative Science Quarterly, 52(1), 106–137.

Grant, R. (1996) Toward a Knowledge-Based Theory of the Firm. Strategic Management Journal, 17: 109-122

Gray, C., & Mabey, C. (2005). Management development key differences between small and large businesses in Europe. International small business journal, 23(5).

Greenwood (2007) Stakeholder Engagement: Beyond the Myth of Corporate Responsibility, Journal of Business Ethics, Volume 74 (4): 315–327

Gregg, P., Machin, S. and Szymanski, S. (1993) “The Disappearing Relationship Between Directors’ Pay and Corporate Performance”, British Journal of Industrial Relations 31 (1): 10.

Grigolini, S. (2005). When houses provide more than shelter [in:] L. Trager Migration and economy: Global and local dynamics, AltaMira Press: Lanham: 193-224.

Grundfest, J. A. (1990) "The subordination of American capital', Journal of Financial Economics, vol. 27, (1): 89-114.

Habbershon, T. G. (2006) Commentary: A framework for managing the familiness and agency advantages in family firms. Entrepreneurship: Theory & Practice, 30(6): 879-886.

Habbershon, T. G., & Williams, M. L. (1999) A resource-based framework for assessing the strategic advantages of family firms. Family Business Review, 12(1): 1-25.

Habbershon, T. G., Williams, M. L., & MacMillan, I. C. (2003) A unified systems perspective of family firm performance. Journal of Business Venturing, 18(4): 451-465.

Hackett, S. E. (2014). From Rags to Restaurants: Self-Determination, Entrepreneurship and integration amongst Muslim Immigrants in Newcastle upon Tyne in Comparative Perspective, 1960s–1990s. Twentieth Century British History, 25(1), 132-154.

Hadjielias, E and Poutziouris, P. (2015)," On the conditions for the cooperative relations between family businesses: the role of trust ", International Journal of Entrepreneurial Behavior & Research, 21(6).

Halkias D. & Adendorff C., (2014) Governance in Immigrant Family Businesses. Enterprise, Ethnicity and Family dynamics. GOWER

Halkias, D., Nwajiuba, C., Harkiolakis, N., Clayton, G., Akrivos, P., & Caracatsanis, S. (2009). Characteristics and business profiles of immigrant-owned small firms: the case of African immigrant entrepreneurs in Greece. International Journal of Business Innovation and Research, 3(4), 382-401.

Hambrick, D. C. and Mason, P. A. (1984) "Upper Echelon: The Organization as a Reflection of its Top Managers", Academy of Management Review, 9, 193-206

Hamel G. & Prahalad C.K. (1989) Strategic intent. HBR, May/June.

Hamel G. & Prahalad C.K. (1994) Competing for the future, Boston, MA: Harvard University Press

Hamlin, B. and Stewart, J. (2011) What is HRD? A definitional review and synthesis of the HRD domain. Journal of European Industrial Training, 35, pp. 199- 220.

Hannon, P. D. and Atherton. (1998) Small firm success and the art of orienteering: the value of plans, planning, and strategic awareness in the competitive small firm. Journal of Small Business and Enterprise Development, 5(2): 102-119

Hargis, M. B., Bradley, D.B. (2011) Strategic human resource management in small and growing firms: aligning valuable resources. Academy of Strategic Management Journal, Volume 10, Number 2.

Harima, A. (2014). Network dynamics of descending diaspora entrepreneurship: Multiple case studies with Japanese entrepreneurs in emerging economies. Journal of Entrepreneurship, Management and Innovation, (4), 65-92.

Harima, A., Elo, M., & Freiling, J. (2016). Rich-to-poor diaspora ventures: how do they survive?. International Journal of Entrepreneurship and Small Business, 28(4), 391-413.

Harney, B. and Nolan, C. T. (2014) HRM in Small and Medium-Sized Firms (SMEs). In: HARNEY, B. AND MONKS, K. (eds.). Strategic HRM: Research and Practice in Ireland. Orpen Press.

Harney,B, Nolan,C (2014): HRM in Small and Medium-Sized Firms (SMEs). Chapter 8. In: Harney, B; Monks, K. ed. Strategic HRM. Research and Practice in Ireland. Orpen Press.

Harper, J. (2005) Chairing the Board — A Practical Guide to Activities and Responsibilities, Kogan Page, London & Sterling, VA.

Hart, D. M., & Acs, Z. J. (2011). High-tech immigrant entrepreneurship in the United States. Economic Development Quarterly, 25(2), 116-129.

Hawley, J.P. and Williams A.T. (1996) Corporate Governance in the United States: The Rise of Fiduciary Capitalism, Working Paper, Saint Mary's College of California, School of Economics and Business Administration

Hayes, R. H. and W. J. Abernathy. (1980) Managing our way to economic decline. Harvard Business Review 61 (7): 67-77

Heames, J.T. and Service, R.W. (2003) "Dichotomies in teaching, application, and ethics", Journal of Education for Business, November/December, 118-22.

Heilman, M. E., & Chen, J. J. (2003). Entrepreneurship as a solution: The allure of self-employment for women and minorities. Human Resource Management Review, 13(2).

Heracleous, L. T. (1999) "The Board of Directors as Leaders of the Organization." Corporate Governance: An International Review 7 (3): 256-265.

Herzberg, F (1966) Work and the Nature of Man. New York: Staple Press.

Hickman. C. R. (1990) Mind of a Manager, Soul of a Leader, John Wiley and Sons Inc., New York.

Hiebert, D. (2008), Big potential, small reward? Business Class immigration to Canada, in OLIVEIRA, Catarina Reis and RATH, Jan (eds.), Migrações Journal - Special Issue on Immigrant Entrepreneurship, October 2008, n. 3, Lisbon: ACIDI, pp. 31-47.

Higley J, and Moore G. (1981) "Elite Integration in the United States and Australia." American Political Science Review. 75 (3): 581-97.

Hjerm, M. (2004). Immigrant entrepreneurship in the Swedish welfare state. Sociology, 38(4), 739-756.

Hofstede, G. (2001). Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations. 2nd ed. Thousand Oaks, CA: Sage.

Honey, P., Mumford, A. (1982) Manual of Learning Styles. London: P. Honey

Hou, F. (2009). Immigrants working with co-ethnics: Who are they and how do they fare?. International Migration, 47(2), 69-100.

House, R. J. and Aditya, R. (1997) "The Social Scientific Study of Leadership: Quo Vadis?" Journal of Management, 23, 409-473.

Hutton, W. (1995) The State We're In London: Cape.

Hutzschenreuter, J. (2009). Management Control in Small and Medium-Sized Enterprises. Indirect Control Forms, Control Combinations and their Effect on Company Performance, Germany. Berlin: Springer.

Hwang, S. S., Xi, J., & Cao, Y. (2010). The conditional relationship between English language proficiency and earnings among US immigrants. Ethnic and Racial Studies, 33(9), 1620-1647.

Iles, P. and Yolles, M. (2004) HRD and knowledge migration in SME-academic partnerships: the technology translator project. In: STEWART, J. AND BEAVER, G. (eds.), HRD in Small Organisations, London: Routledge, pp. 168–184.

IoD (1999) Standards for the Board: Improving the Effectiveness of Your Board (Good practice for directors), The Institute of Directors, Kogan Page

Irastorza, N., & Peña, I. (2014). Earnings of Immigrants: Does Entrepreneurship Matter?. Journal of Entrepreneurship, 23(1), 35-56.

Irava, W. J., & Moores, K. (2010) Clarifying the strategic advantage of familiness: Unbundling its dimensions and highlighting its paradoxes. Journal of Family Business Strategy, 1(3): 131-144.

Jarvis, R., & Rigby, M. (2012). The provision of human resources and employment advice to small and medium-sized enterprises: The role of small and medium-sized practices of accountants. International Small Business Journal, 30(8).

Jaskiewicz, P., & Luchak, A. A. (2013). Explaining performance differences between family firms with family and nonfamily CEOs: it's the nature of the tie to the family that counts!. Entrepreneurship Theory and Practice, 37(6).

Jensen, M.C., Meckling, W. H. (1976) "Theory of the firm: managerial behavior, agency costs and ownership structure." Journal of Financial Economics 3 (1/2): 305–360.

Johnson, M.A and Mamun, A, (2012) "The failure of Lehman Brothers and its impact on other financial institutions." Applied Financial Economics 22 (5): 375–385.

Johnson. G. (1987) Managing strategic change: the role of symbolic action, British Journal of Management 1 (1): 183-200

Kanter, R. M., (1990) When Giants Learn To Dance, Free Press

Kapur, D. (2010). Diaspora, development, and democracy: the domestic impact of international migration from India. Princeton University Press.

Karra, N., Tracey, P., & Phillips, N. (2006). Altruism and agency in the family firm: Exploring the role of family, kinship, and ethnicity. Entrepreneurship Theory and Practice, 30(6).

Kay, J. and Silberston, A. (1995) "Corporate Governance", National Institute Economic Review, 84 (August): 84-97.

Keasey, K., Thompson, S. and Wright, M. (1997) ''Introduction: the corporate governance problem–competing diagnoses and solutions'', in Keasey, K., Thompson, S. and Wright, M. (Eds), Corporate Governance: Economic and Financial Issues, Oxford University Press, Oxford

Kibria, N. (1994). Household structure and family ideologies: The dynamics of immigrant economic adaptation among Vietnamese refugees. Social Problems, 41(1): 81-96.

Kiger, D., (2016). Minority Entrepreneurs Face Challenges in Business Development

Kirkbride, J., Letza, S., Sun, X. and Smallman, C., (2008) The boundaries of governance in the post-modern world. Northern Ireland Legal Quarterly, 59 (2): 161-75.

Kitching, J. and Blackburn, R. (2002) Management training and networking in slam and medium-sized entreprises in three European region: implications for business support. Environment and Planning C: Government and Policy, 17(5), pp. 621-635.

Kloosterman, R., & Rath, J. (2001). Immigrant entrepreneurs in advanced economies: mixed embeddedness further explored. Journal of ethnic and migration studies, 27(2), 189-201.

Kloosterman, R., Van Der Leun, J., & Rath, J. (1999). Mixed embeddedness:(in) formal economic activities and immigrant businesses in the Netherlands. International journal of urban and regional research, 23(2), 252-266.

Koning, J., & Verver, M. (2013). Historicizing the 'ethnic'in ethnic entrepreneurship: The case of the ethnic Chinese in Bangkok. Entrepreneurship & Regional Development, 25(5-6), 325-348.

Kotlar, J., & De Massis, A. (2013). Goal setting in family firms: Goal diversity, social interactions, and collective commitment to family-centered goals. Entrepreneurship Theory and Practice, 37(6).

Kotter, J.P. (1995) 'Leading Change: Why Transformation Efforts Fail' Harvard Business Review, March/April.

Kotter, John P., (1992) Corporate Culture and Performance. Free Press.

Kuchinke, K.P. (2003) Contingent HRD: toward a theory of variation and differentiation in formal human resource development. Human Resource Development Review, 2, pp. 294–309.

Kushnirovich, N. (2015). Economic Integration of Immigrant Entrepreneurs. Entrepreneurial Business and Economics Review,3(3), 9-27.

La Porta, R.L, Lopez–de–Silanes, F., Shleifer, A. & Vishny, R.W. (1997) Trust in Large Organizations, National Bureau of Economic Research Working Paper No. 5864, Cambridge, MA.

Lai, Y., Saridakis, G., & Johnstone, S. (2016). Human resource practices, employee attitudes and small firm performance. International Small Business Journal, online first.

Lam, A. – Lambermont-Ford, J. P. (2010) Knowledge sharing in organisational contexts: a motivation-based perspective. Journal of Knowledge Management, Vol. 14. No. 1, pp. 51-66

Langlois, A., & Razin, E. (1995). Self-employment among French-Canadians: The role of the regional milieu. Ethnic and Racial Studies, 18(3), 581-604.

Lansberg, I. (1983) Managing Human Resources in Family Firms: The Problem of Institutional Overlap. Organisational Dynamics, 12(1):39–46

Letza S. (2015) Corporate Governance: Towards a New Foundation for both Developed and Transition Economies. In: Hölscher J., Tomann H. (eds) Palgrave Dictionary of Emerging Markets and Transition Economics. Palgrave Macmillan, London

Letza, S., Sun, X. and Kirkbride, J., (2004) "Shareholding versus stakeholding: a critical review of corporate governance." Corporate Governance: An International Review, 12 (3): 252-62.

Levie, J., Hart, M., (2011) The contribution of migrants and ethnic minorities to entrepreneurship in the United Kingdom [in:] M. Minniti (ed.) The Dynamics of Entrepreneurship: Evidence from Global Entrepreneurship Monitor Data, Oxford University Press.

Levie, J.D. and Smallbone, David (2009) Immigration, ethnicity and entrepreneurial behavior. In: Perspectives on Entrepreneurship Volume 1. Praeger Publishers, pp. 157-180.

Levitt, P. (1998). Social remittances: Migration driven local-level forms of cultural diffusion. International migration review, 32(4): 926-948.

Lewis, D., Megicks, P., & Jones, P. (2016). Bullying and harassment and work-related stressors: Evidence from British small and medium enterprises. International small business journal 35(1).

Lewis, K, Coetzer, A (2009) Human Resource Management in Small Firms. Effective informality. In: FINK, M. AND KLAUS, S. (eds): Management of Small and Medium Entreprises. Routledge.

Lewis, K., Coetzer, A. (2009): Human Resource Management in Small Firms: Effective Informality. In: Fink, M., Kraus, S. ed.: The Management of Small and Medium Enterprises. Routlege, New York.

Li, P. S. (1997). Self-employment among visible minority immigrants, white immigrants, and native-born persons in secondary and tertiary industries of Canada. Canadian Journal of Regional Science, 20(1), 103-118.

Liebermann, A. J., Suter, C., & Rutishauser, K. I. (2014). Segregation or Integration? Immigrant Self-Employment in Switzerland. Journal of International Migration and Integration, 15(1), 93-115.

Light, I., Sabagh, G., Bozorgmehr, M., & Der-Martirosian, C. (1994). Beyond the ethnic enclave economy. Social Problems, 41(1), 65-80.

Lin, X., & Tao, S. (2012). Transnational entrepreneurs: Characteristics, drivers, and success factors. Journal of International Entrepreneurship, 10(1).

Lindley, A. (2009). The early-morning phonecall: Remittances from a refugee diaspora perspective. Journal of Ethnic and Migration Studies, 35(8), 1315-1334.

Lionzo, A. , Rossignoli, F. (2013) Knowledge integration in family SMEs: an extension of the 4I model. Journal of Management and Government (2013) 17:583–608

Litz, R. (1995) The family business: Toward definitional clarity. In D.P. Moore (Ed.), Proceedings of the Academy of Management, (100–104). Vancouver, BC, Canada, August

Louchry, M.L. (2010). Peer control in organizations. In Sitkin, S.B., Cardinal, L.B., Bijlsma-Frankema, K.M. (eds). Organizational Control, UK, Cambridge University Press.

Louchry, M.L. (2010). Peer control in organizations. In: SITKIN, S.B., CARDINAL, L.B., BIJLSMA-FRANKEMA, K.M. (eds). Organizational Control. UK: Cambridge University Press.

Mani, Y and Lakhal, L. (2015)," Exploring the family effect on firm performance The impact of internal social capital dimensions on family firm performance ", International Journal of Entrepreneurial Behavior & Research, 21(6).

Martin, H.F. (2001) Is family governance an oxymoron? Family Business Review, 14 (2) 91-96

Martínez, B. A., Galván, S. R., Palacios, B. T. (2013) Study of factors influencing knowledge transfer in family firms. Intangible Capital, 9(4), p. 1216-1238.

Maruyama, M. (1991) 'Contracts in Cultures', Human Systems Management, vol. 10, pp.33–46.

Mata, F., & Pendakur, R. (1999). Immigration, labor force integration and the pursuit of self-employment. International Migration Review, 378-402.

Matlay, H. (2002) Training and HRM strategies in small family-owned businesses. An empirical overview In: FLETCHER D. (ed). Understanding the small family business., New York: Routledge.

McGregor, D.M. (1960) The Human Side of Enterprise, McGraw-Hill Book Co., New York, NY.

Merritt, J. and Lavelle, L. (2004) A different kind of governance guru. Business Week, 3895: 46–47.

Mey, J. L (1993) Pragmatics: An Introduction. 2nd Ed. Oxford: Blackwell Publishing Ltd

Mey, J. L. (1985) Whose language. A study in linguistic pragmatics. Amsterdam: Benjamins.

Miller, D., Breton-Miller, L., Minichilli, A., Corbetta, G., & Pittino, D. (2014). When do non-family CEOs outperform in family firms? Agency and behavioural agency perspectives. Journal of Management Studies, 51(4).

Miller, D., Le Breton Miller, I. (2014) Deconstructing Socioemotional Wealth. Entrepreneurship Theory and Practice, 38(4): 713-720.

Miller, E. J., & Rice, A. K, (1967) Systems of organizations. London: Tavistock.

Minto-Coy, I.D. (2016). “The Role of Diasporas in the Growth and Internationalisation of Businesses” in: Diaspora Business, Maria Elo & Liesl Riddle (eds.), Oxford, UK: Interdisciplinary Press.

Mintzberg H. (1994) The rise and fall of strategic planning. Free Press, New York.

Mintzberg, H. & Waters, J.A. (1985) Of Strategies, Deliberate and Emergent. Strategic, Management Journal, 6, (3) 257–72.

Mintzberg, H. (1983) Power in and around organizations. New Jersey: Prentice-Hall.

Mitchell, R. K., & Agle, B. R. (1997) Stakeholder identification and salience: Dialogue and operationalization. In J. Weber & K. Rehbein (Eds.), International Association for Business and Society 1997 Proceedings: 365-70. Destin, Fla.: International Association for Business and Society.

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997) Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of Management Review, 22 (4): 853-86.

Moore, G., Sobieraj, S., Whitt, J. A., Mayorova, O., & Beaulieu, D. (2002) Elite interlocks in three U.S. sectors: Nonprofit, corporate, and government. Social Science Quarterly 83(3): 726–744.

Morck & Yeung, (2003) Agency Problems in Large Family Groups, Entrepreneurship: Theory and Practice 27(4): 367 – 382

Morck R. K. and Steier L. (2005) The Global History of Corporate Governance: An Introduction NBER Working Paper No. 11062 January 2005 JEL No. G3, N2 http://www.nber.org/papers/w11062.pdf

Moreland, P. W. (1995) Alternative Disciplinary Mechanisms in Different Corporate Systems, Journal of Economic Behaviour and Organisation, 26, 17–34.

Morokvasic, M. (1991). Roads to Independence. Self-Employed Immigrants and Minority Women in Five European States. International Migration, 29(3), 407-419.

Mullins, W., & Schoar, A. (2016). How do CEOs see their roles? Management philosophies and styles in family and non-family firms. Journal of Financial Economics, 119(1).

Mustafa, M., & Chen, S. (2010). The strength of family networks in transnational immigrant entrepreneurship. Thunderbird International Business Review, 52(2), 97-106.

Mustakallio, M., Autio, E. and Zahra, S. A. (2002) Relational and contractual governance in family firms: Effects on strategic decision making, Family Business Review, 15 (3): 205-222

Muth, M. and Donaldson, L. (1998) Stewardship Theory and Board Structure: A Contingency Approach, Corporate Governance an International Review, 6(1): 5–28

Nahapiet, J. and Goshal, S. (1998) Social capital, intellectual capital, and the organizational advantage. Academy of Management Review, 23(2), 242–266.

Nathan, M. (2015). Same difference? Minority ethnic inventors, diversity and innovation in the UK. Journal of Economic Geography, 15 (1).

Ndofor, A. H., & Priem, R. L. (2011). Immigrant entrepreneurs, the ethnic enclave strategy, and venture performance. Journal of Management, 37(3), 790-818.

Neville, F., Orser, B., Riding, A., & Jung, O. (2014). Do young firms owned by recent immigrants outperform other young firms?. Journal of Business Venturing, 29(1), 55-71.

Ng, W., & Roberts, J. (2007). 'Helping the family': The mediating role of outside directors in ethnic Chinese family firms. Human Relations, 60(2).

Nietzsche. F. (1873) Cited in Diethe. C. (2006) Historical Dictionary of Nietzscheism (Historical Dictionaries of Religions, Philosophies, and Movements Series), Scarecrow Press

Nolan, C. T., & Garavan, T. N. (2016). Human resource development in SMEs: a systematic review of the literature. International Journal of Management Reviews, 18(1).

Nonaka, I., Toyama, R. and Konno, N. (2000) SECI, Ba and leadership: unified model of dynamic knowledge creation. Long Range Planning 33:5-34.

Nordqvist, M., Sharma, P., & Chirico, F. (2014). Family firm heterogeneity and governance: A configuration approach. Journal of Small Business Management, 52(2).

Nordqvist, M., Sharma, P., and Chirico, F. (2014) Family firm heterogeneity and governance: A configuration approach. Journal of Small Business Management, 52(2): 192–209.

O'Shannassy, T. (2003) "Modern strategic management: Balancing strategic thinking and strategic planning for internal and external stakeholders", Singapore Management Review, 25 (1): 53 - 67.

Ohlsson, H., Broomé, P., & Bevelander, P. (2012). Self-employment of immigrants and natives in Sweden–a multilevel analysis. Entrepreneurship & Regional Development, 24(5-6), 405-423.

Ohmae, K. (1982) The Mind of the Strategist, The Art of Japanese Business, McGraw-Hill

Orlikowski, W.J. (1996) "Improvising Organizational Transformation over Time: A Situated Change Perspective," Information Systems Research, 7(1): 63-92.

Ouchi, W.G. (1979) A conceptual framework for the design of organizational control mechanism. Management Science, 25(9), 833-848.

Pajo, K., Coetzer, A. and Guenole, N. (2010) Formal development opportunities and withdrawal behaviours by employees in small and medium-sized enterprises. Journal of Small Business Management, 48, pp. 281–301.

Partnership for a New American Economy (2011), The "New American" Fortune 500, Partnership for a New American Economy, June 2011.

Pearce II, J.A. and Zahra, S.A. (1991) The relative power of CEOs and boards of directors: Associations with corporate performance, Strategic Management Journal, 12(2): 135–153.

Pearson, A. W., Carr, J., & Shaw, J. (2008) Toward a theory of familiness: A social capital perspective. Entrepreneurship: Theory & Practice, 32(6): 949-969.

Peasnell K.V., Pope P. F. and S. Young. (2005) "Board monitoring and earnings management: Do outside directors influence abnormal accruals?" Journal of Business Finance and Accounting, 32 (7/8): 1311-1346

Pécoud, A. (2002). 'Weltoffenheit schafft Jobs': Turkish entrepreneurship and multiculturalism in Berlin. International Journal of Urban and Regional Research, 26(3), 494-507.

Pécoud, A. (2003). Self-employment and immigrants' incorporation: the case of Turks in Germany. Immigrants & Minorities, 22(2-3), 247-261.

Peters, T., and Waterman, R., Jr., (1982) In Search of Excellence: Lessons from America's Best Run Companies. Harper Row Books, widespread -potential-fraud?newsfeed=true [Accessed 22 Mar 2017]

Pett, T.L. and Wolff, J. A (2011) On learning in high performing small and medium sized businesses and the relationship to HR practices. In: COOPER, C.L. AND BURKE, R.J. (eds). HRM in small business. Achieving Peak Performance. UK: , Cheltenhem, Edvward Elgar.

Pettigrew, A.M. (1992) On Studying Managerial Elites, Strategic Management Journal, 13 (S2): 163-182.

Pettigrew, A.M. and McNulty, T. (1995) Power and Influence in and Around the Boardroom, Warwick Business School, UK.

Pettigrew, T. F., & Tropp, L. R. (2008) How does intergroup contact reduce prejudice? Meta-analytic tests of three mediators. European Journal of Social Psychology, 38 (6): 922-934.

Pfeffer, J. and Salancik, G. R. (1978) The External Control of Organizations: A Resource Dependence Perspective, Harper & Row, New York.

Pfeffer, M. J., & Parra, P. A. (2009). Strong Ties, Weak Ties, and Human Capital: Latino Immigrant Employment Outside the Enclave. Rural Sociology, 74(2), 241-269.

Polanyi, K (1967) The tacit dimension. Garden City, NY: Doubleday

Porter, M. (1990) The competitive advantage of Nations, MacMillan Press: London,

Porter, M. (1990); The competitive advantage of Nations, MacMillan Press: London,

Porter, M. E., and The Monitor Company (1992) Canada at the Crossroads: The Reality of a New Competitive Environment. Business Council on National Issues, Ottawa

Portes, A., & Zhou, M. (1993). The new second generation: Segmented assimilation and its variants. The annals of the American academy of political and social science, 530(1), 74-96.

Portes, A., Guarnizo, L. E., & Haller, W. J. (2002). Transnational entrepreneurs: An alternative form of immigrant economic adaptation. American sociological review, 67(2): 278-298.

Portes, A., Guarnizo, L. E., & Landolt, P. (1999). The study of transnationalism: pitfalls and promise of an emergent research field. Ethnic and racial studies, 22(2), 217-237.

Pound, J. (1992) Beyond Takeovers Politics comes to Corporate Control, Harvard Business Review, March-April, 83–93.

Pound, J., (1993) The rise of the political model of corporate governance and corporate control. New York University Law Review, 68 (5): 1003–71.

Poza, E.J. Hanlon, S. Kishida, R. (2004), Does the family business interaction factor represent a resource or a cost? Family Business Review, 17 (2): 99-118

Price, M. D. (2012). Hispanic Entrepreneurship in a Global City: The Bolivian Diaspora in Washington, DC, in Enrique S. Pumar (ed.) Hispanic Migration and Urban Development: Studies from Washington DC (Research in Race and Ethnic Relations, Volume 17) Emerald Group Publishing Limited, pp.133 – 153.

Price, M., & Chacko, E. (2009). The mixed embeddedness of ethnic entrepreneurs in a new immigrant gateway. Journal of Immigrant & Refugee Studies, 7(3), 328-346.

Psychogios, A., Szamosi, L. T., Prouska, R., & Brewster, C. (2016). A three-fold framework for understanding HRM practices in South-Eastern European SMEs. Employee Relations, 38(3).

Psychogios, A.G., Szamosi L. T., Prouska R., Brewster C. (2016) A Three-fold Framework for Understanding HRM Practicesin South-Eastern European SMEs. Employee Relations, 38 (3). pp. 310-331.

Quinn JB. (1980) Strategies for Change: Logical Incrementalism. Richard D. Irwin: Homewood, IL.

Raijman, R., & Tienda, M. (2003). Ethnic foundations of economic transactions: Mexican and Korean immigrant entrepreneurs in Chicago. Ethnic & Racial Studies, 26(5)

Ram, M. (2001) Family Dynamics in a Small Consultancy Firm: A Case Study. Human Relations 54 (4):395–418.

Ram, M. and Holliday, R. (1993) Relative Merits: Family Culture and Kinship in Small Firms. Sociology 27 (4):629–648.

Ram, M., & Jones, T. (2008). Ethnic-minority businesses in the UK: a review of research and policy developments. Environment and Planning C: Government and Policy, 26(2), 352-374.

Ram, Monder, and Ruth Holliday. 1993. ‘Relative Merits: Family Culture and Kinship in Small Firms’. Sociology 27 (4):629–648.

Ram, Monder. 2001. ‘Family Dynamics in a Small Consultancy Firm: A Case Study’. Human Relations 54 (4):395–418.

Ramadani, V., & Hoy, F. (2015) Context and uniqueness of family businesses. In L-P Dana & V. Ramadani (Eds), Family Businesses in Transition Economies, 9-37, Cham: Springer.

Randsberg, D., Sage-Hayward, W., Schuman, A. M. (2016) Human Resources in the Family Business. Maximalizing the power of your people. New York: Palgrave Macmillan.

Rath, J., & Kloosterman, R. (2000). Outsiders' business: A critical review of research on immigrant entrepreneurship. International Migration Review, 657-681.

Rath, J., & Swagerman, A. (2016). Promoting ethnic entrepreneurship in European cities: Sometimes ambitious, mostly absent, rarely addressing structural features. International Migration, 54(1).

Ravasi, D., & Schultz, M. (2006) Responding to organizational identity threats: Exploring the role of organizational culture. Academy of Management Journal, 49(3): 433-458

Reavis, C. (2012) The Global Financial Crisis of 2008: The Role of Greed, Fear, and Oligarchs, MIT Sloan management case #09-093

Riddle, L., Hrivnak, G. A., & Nielsen, T. M. (2010). Transnational diaspora entrepreneurship in emerging markets: Bridging institutional divides. Journal of International Management, 16(4), 398-411.

Rindova, V.P. (1999) 'What corporate boards have to do with strategy: a cognitive perspective, Journal of Management Studies, 36 (7): 953-75.

Rouditser, D., & McKeown, T. (2015). The rhetoric & realities of HRM evolution in SME growth, working paper, Small Enterprise Association of Australia and New Zealand 28 th Annual SEAANZ Conference Proceedings 1-3 July Melbourne 2015.

Rouditser, D., McKeown, T. (2015) The rhetoric & realities of HRM evolution in SME growth. Small Enterprise Association of Australia and New Zealand 28th Annual SEAANZ Conference Proceedings, 1-3 July Melbourne 2015

Rovella, D. E. and Baer, J. (2005) J.P. Morgan to Pay $2 Bln to Settle WorldCom Fraud Suit (Update5,) Bloomberg, March 16 http://www.bloomberg.com/apps/news?pid=newsarchive&sid=auybDoZIEQTg [Accessed, 14th January 2017]

Rueda Armengot, C., Solé Parellada, F., & Rieta Carbonell, J. (2010). The immigrant entrepreneur in the international change: A managerial analysis according to demographic profile. Journal of Organizational Change Management, 23(4), 377-395.

Rumbaut, R. G. (1997). Assimilation and its discontents: Between rhetoric and reality. International migration review, 923-960.

Ryan, R. M. and Deci, E. L. (2001) On Happiness and Human Potentials: A Review of Research on Hedonic and Eudaimonic Well-Being. Annual Review of Psychology 52, 141-6

Sahin, M., Todiras, A., Nijkamp, P., & Suzuki, S. (2012). Bright stars in the urban galaxy–the efficiency of ethnic entrepreneurs in the urban economy. Innovation: The European Journal of Social Science Research, 25(2), 209-227.

Salma Damak-Ayadi, Yvon Pesqueux. (2005) stakeholder theory in perspective. Corporate Governance: An International Review, Wiley 5 (2): 5-21.

Samei, H. and Feyzbakhsh, A. (2015)," Predecessors competency framework for nurturing successors in family firms ", International Journal of Entrepreneurial Behavior & Research, 21(5).

Samra-Fredericks, D. (2003) A Proposal for Developing a Critical Pedagogy in Management from Researching Organizational Members 'Everyday Practice', Management Learning 35 (3): 291–312.

Samra-Fredericks, D. (2005) "Strategic Practice, 'Discourse' and the Everyday Interactional Constitution of Power Effects." Organization 12 (6): 803-841

Sanders, J. M. (2002). Ethnic boundaries and identity in plural societies. Annual Review of Sociology, 327-357.

Sanders, J. M., & Nee, V. (1996). Immigrant self-employment: The family as social capital and the value of human capital. American sociological review, 231-249.

Saru, E (2009) HRM in Small and Medium enreprises. Linking embedded Human Resources Practices to performance and Employee Well-Being. In: FINK. M AND KLAUS, S. (eds). Management of Small and Medium Entreprises. Routledge. Pp. 80-95

Schein, E. H. (1983) The Role of the Founder. Organizational Dynamics, no. Summer:13–28.

Schein, E. H. (1985) Organizational Culture and Leadership. Vol. 2. John Wiley & Sons. https://www.google.com/books?hl=hu&lr=&id=DlGhlT34jCUC&oi=fnd&pg=PR9&dq=schein+organizational+culture+and+leadership&ots=-dm29kWlGW&sig=jjh0GKyHhF6QTnX848ZgSwHJtQE.

Schein, E., (1992) Organizational Culture and Leadership, San Francisco: Jossey-Bass

Schiller, N. G., Basch, L. and Blanc-Szanton, C. (1992). "Transnationalism: A new analytic framework for understanding migration." Annals of the New York Academy of Sciences 645.1 (1992): 1-24.

Senge, P. (1990) The fifth discipline: the art and practice of learning organization. Doubleway, London

Sharma, P. (2004) "An overview of the field of family business studies: current status and directions for the future", Family Business Review, 12 (1): 1-36.

Sharma, P., Blunden, R., Labaki, R., Michael-Tsabari, N., Rivera Algarin, J. (2013) Analyzing Family Business Cases: Tools and Techniques. Case Research Journal, 33(2): 1-20.

Sheehan, M. (2014). Human resource management and performance: Evidence from small and medium-sized firms. International Small Business Journal, 32(5).

Shleifer. A. and Vishny, R.W. (1997) The Limits of Arbitrage, Journal of Finance, 52 (1): 35-55.

Siebels J.-F. and zu Knyphausen-Aufseß, D (2012) A review of theory in family business research: The implications for corporate governance, International Journal of Management Reviews, 14 (3): 280-304

Sieger, P., Zellweger, T. (2013) Entrepreneurial Families: From a Family Enterprise to an Entrepreneurial Family. Work Report. Credit Suisse AG.

Simmel. G. (1906) The Sociology of Secrecy and of Secret Societies. American Journal of Sociology, 11 (4): 441-498

Sirmon, D. G. and Hitt, M. A., (2003) Managing Resources: Linking Unique Resources, Management and Wealth Creation in Family Firms, Entrepreneurship Theory and Practice, 27 (4): 339-358.

Skinner, B F (1953) Science and Human Behavior, New York: The Free Press

Smart, A., & Hsu, J. Y. (2004). The Chinese diaspora, foreign investment and economic development in China. The Review of International Affairs, 3(4), 544-566.

Smircich, L. (1983) Concepts of Culture and Organizational Analysis. Administrative Science Quarterly, 339–358.

Spicer, A., Alvesson, M. and Kärreman, D. (2009) Critical Performativity: The Unfinished Business of Critical Management Studies'. Human Relations 62 (4):537–60.

Spillane, J.P. (2006) Distributed Leadership. San Francisco, CA: Jossey-Bass

Stacey, R. (1993) Strategy as order emerging from chaos, Long Range Planning, 26 (1): 23 – 29.

Stafford, K., Duncan, K. A., Dane, S., & Winter, M. (1999). A research model of sustainable family businesses. Family Business Review, 12(3), 197-208. Storey, D. (1994) Understanding the small business sector. London, routledge

Storey, D (1994) Understanding the small business sector. London, Routledge

Strike, V. M., Berrone, P., Sapp, S. G., & Congiu, L. (2015). A socioemotional wealth approach to CEO career horizons in family firms. Journal of Management Studies, 52(4).

Strüder, I.R. (2003). Do Concepts of Ethnic Economies Explain Existing Minority Enterprises? The Turkish Speaking Economies in London, Research Papers in Environmental and Spatial Analysis Series, 88.

Struzyna, J. Ingram, T and Kraus, S (2009) HRM in Small Entreprises from Poland. In: FINK, M. AND KLAUS, S. (eds). Management of Small and Medium Entreprises. Routledge. Pp. 125-141

Suess, J. (2014) Family governance – Literature review and the development of a conceptual model, Journal of Family Business Strategy 5 (2): 138–155

Sun, W. (2009) How to govern corporations so they serve the public good: a theory of corporate governance emergence. New York: Edwin Mellen

Sun, W., Stewart, J. and Pollard, D. eds., (2011) Corporate governance and the global financial crisis: international perspectives. Cambridge: Cambridge University Press.

Sur, S. Lvina, E. and Magnan, M. (2013) "Why do Boards Differ? Because Owners Do: Assessing Ownership Impact on Board Composition." Corporate Governance: An International Review, 21 (4): 373–389

Surdej, A., & Wach, K. (2012). The dynamics of succession in family businesses in Poland-Empirical results. Economia Marche: Journal of Applied Economics, 31(2): 109-128.

Sykes, A. (1994) 'Proposals for Internationally Competitive Corporate Governance in Britain and America', Corporate Governance: An International Review, 2 (4): 187-195.

Szarucki, M., Brzozowski, J. & Stankevičienė, J. (2016), Determinants of self-employment among Polish and Romanian immigrants in Germany, Journal of Business Economics and Management, 17(4): 598–612.

Szarucki, M., Brzozowski, J. & Stankevičienė, J. (2016), Determinants of self-employment among Polish and Romanian immigrants in Germany, Journal of Business Economics and Management, 17(4): 598–612.

Tata, J. and Prasad, S (2015), Immigrant family businesses: social capital, network benefits and business performance, International Journal of Entrepreneurial Behavior & Research, 21(6).

Taylor, E. J. (1999). The new economics of labour migration and the role of remittances in the migration process. International migration, 37(1), 63-88.

Teather, D (2005) WorldCom finance chief tells of Ebbers pressure, The Guardian, 9 February, New York

Torrington, D., Hall, L., Taylor S., Atkinson, C. (2014) Human Resources Management. 9th edition. Pearson Education Limited.

Torrington, D., Hall, L., Taylor, S. (2008) Human Resource Management. 7th edition. London: Prentice Hall.

Tricker, R. I. (1983) Corporate Governance, Gower Press, London.

Tricker, R. I. (2015) Corporate Governance Principles, Policies, and Practices, OUP Oxford; 3rd Ed

Trivett, V., (2011) 25 US Mega Corporations: Where They Rank If They Were Countries, Business Insider, Jun. 27, http://www.businessinsider.com/25-corporations-bigger-tan-countries-2011-6?op=1#ixzz1pkel6EBw [Accessed Jan 2012]

Tsoukas H. & R. Chia (2002) On organizational becoming: rethinking organizational change. Organization Science, 13 (5): 567-582.

Turnbull, S. (1997) Corporate governance: Its scope, concerns and theories. Corporate Governance - An International Review, 5 (4): 180-205.

Turnbull, S. (2000) Corporate charters with competitive advantages. St. Johns Law Review, 74 (44) (Winter): 101–59.

Useem, M. (1985) The Inner Circle: Large Corporations and the Rise of Business Political Activity. New York: Oxford University Press

Valdez, Z. (2006). Segmented assimilation among Mexicans in the Southwest. The Sociological Quarterly, 47(3), 397-424.

Valdez, Z. (2012). Self-Employment as an Indicator of Segmented Assimilation among Six Ethnic Minority Groups. Entrepreneurship Research Journal, 2(4).

Vallejo, J. A., & Lee, J. (2009). Brown picket fences The immigrant narrative andgiving back'among the Mexican-origin middle class. Ethnicities, 9(1), 5-31.

Vallejo, M. C. (2008) Is the Culture of Family Firms Really Different? A Value-Based Model for Its Survival through Generations. Journal of Business Ethics 81 (2):261–279.

Vallejo, M.C. (2011) A Model to Study the Organizational Culture of the Family Firm. Small Business Economics 36 (1):47–64.

Vallejo, Manuel Carlos. 2008. 'Is the Culture of Family Firms Really Different? A Value-Based Model for Its Survival through Generations'. Journal of Business Ethics 81 (2):261–279.

Vallejo-Martos, M.C. (2011) The Organizational Culture of Family Firms as a Key Factor of Competitiveness. Journal of Business Economics and Management 12 (3):451–481.

Van Dijk (1989) Structures of discourse and structures of power. In J.A. Anderson (Ed.), Communication Yearbook 12, 18-59. Newbury Park, CA: Sage.

Vemuri, S. R. (2014). Formation of diaspora entrepreneurs. Zentra working papers in transnational studies, no. 41.

Verreynne, M. L., Parker, P., & Wilson, M. (2013). Employment systems in small firms: A multilevel analysis. International Small Business Journal, 31(4).

Vertovec, S. (2004). Migrant transnationalism and modes of transformation. International migration review, 38(3): 970-1001.

Vinogradov, E., & Isaksen, E. J. (2008). Survival of new firms owned by natives and immigrants in Norway. Journal of developmental entrepreneurship, 13(01), 21-38.

Volery, T. (2007). Ethnic Entrepreneurship: A Theoretical Framework. [In:] L.P. Dana (Ed.), Handbook of Research on Ethnic Minority Entrepre-Neurship: A Co-Evolutionary View on Resource Management. Edward Elgar: Cheltenham, 30-41.

Vozikis, G.S., Weaver, K. M., Liguori, E. W. (2013): Do Family Cohesion and Family member Skill Evaluation Affect Family Business Internal or External Hiring Decisions? Journal of Management Policy and Practice vol. 14(1)

Vroom, V (1964) Work and Motivation, New York: Wiley

Walton-Roberts, M., and Hiebert, D., (1997), Immigration, Entrepreneurship, and the Family: Indo-Canadian Enterprise in the Construction Industry of Greater Vancouver, Canadian Journal of Regional Science XX(1,2) (Spring-Summer): 119-140.

Wang, C. L., & Altinay, L. (2012). Social embeddedness, entrepreneurial orientation and firm growth in ethnic minority small businesses in the UK. International Small Business Journal, 30(1).

Wang, Q., & Li, W. (2007). Entrepreneurship, ethnicity and local contexts: Hispanic entrepreneurs in three US southern metropolitan areas. GeoJournal, 68(2-3), 167-182.

Wang, S., & Lo, L. (2005). Chinese Immigrants in Canada: Their Changing Composition and Economic Performance1. International Migration, 43(3).

Wang, X., & Maani, S. A. (2014). Ethnic capital and self-employment: a spatially autoregressive network approach. IZA Journal of Migration, 3(1), 1.

Ward, J. (1987) Keeping the Family Business Healthy: How to Plan for Continuing Growth, Profitability, and Family Leadership. San Francisco, CA: Jossey-Bass.

Weick, K. (1979) The social psychology of organizing. 2nd. Ed. Reading, MA: Addison-Wesley.

Weick, K.E., & Quinn, R.E. (1999) Organizational change and development. Annual Review of Psychology, 50, 361-386.

Weismeier–Sammer, D., Frank, H., & von Schlippe, A. (2013) Untangling “familiness”: A literature review and directions for future research. International Journal for Entrepreneurship and Innovation, 14(3): 165–177

Welch, J. and Welch, S., (2006) Winning: The Ultimate Business How-To Book, HarperCollins

Wennekers, S., Van Wennekers, A., Thurik, R., & Reynolds, P. (2005). Nascent entrepreneurship and the level of economic development. Small business economics, 24(3), 293-309.

Westhead, P. and Howorth, C. (2006) “Ownership and management issues associated with family firm performance and company objectives”, Family Business Review, 19 (4): 301-16.

Whapshott, R. and Mallett, O. (2016) Managing Human Resources in Small and Medium-sized Entreprises. Entreprenourship and the employment relationship. Routledge Masters in Entreprenourship. New York.

White, M. and Bryson, A. (2016) When Does HRM 'Work' In Small Business Enterprises? IZA Discussion Paper No. 9690 (also UCL IOE Department of Quantitative Social Science Working Paper 16-01)

Williamson, I.O., Cable, M.D., Aldrich H. E. (2002) Smaller but not necessarily weaker: How small business can overcome barriers to recruitment. Managing People in Entrepreneurial Organizations, 5:83–106.

Williamson, O.E. (1975) Markets and hierarchies. New York: The Free Press

Willmott, H. (1993) Strength Is Ignorance; Slavery Is Freedom: Managing Culture in Modern Organizations. Journal of Management Studies 30 (4):515–52.

Wilson, K. L., & Portes, A. (1980). Immigrant enclaves: An analysis of the labor market experiences of Cubans in Miami. American journal of sociology, 86(2), 295-319.

Wilson, N., Wright, M., & Scholes, L. (2013). Family business survival and the role of boards. Entrepreneurship Theory and Practice, 37(6).

Wodak, R. (1985) Determination of guilt: Discourse in the courtroom. In C. Kramarae, M. Schulz, 8c,W. M. O'Barr (Eds.) Language and power (89-100) Beverly Hills, CA: Sage.

Wolfensohn, J. D., (1999) A Battle for Corporate Honesty, The Economist: The World in p38.

World Bank. (2011) International Finance Corporation (IFC) annual report 2011: I am opportunity: Main report (Japanese). Washington, DC: World Bank. http://documents.worldbank.org/curated/en/974631468325302585/Main-report

Wright Mills, C. (1956) The Power Elite. USA: Oxford University Press.

WVS, (2016). World Values Survey Wave 6: 2010-2014, Institute for Comparative Survey Research, Vienna, data-set available at: http://www.worldvaluessurvey.org/WVSOnline.jsp

Wyatt, M. R. R., Pathak, S. B., Zibarras, L. D. (2010): Advancing selection in an SME: Is best practice methodology applicable? International Small Business Journal 28(3) 258–273.

Wyatt, M. R., Pathak, S. B., & Zibarras, L. D. (2010). Advancing selection in an SME: Is best practice methodology applicable?. International Small Business Journal, 28(3).

Yukselen, C., & Yildiz, E. (2014). The role of the family constitution in sustainability of family businesses and an evaluation in light of implementation problems. Research Journal of Business and Management, 1(1).

Zahra, S. A (2010): Organizational learning and entrepreneurship in family firms: exploring the moderating effect of ownership and cohesion. Small Business Economics 38:51–65

Zahra, S. A., Neubaum, D. O., & Larraneta, B. (2007). Knowledge sharing and technological capabilities: The moderating role of family involvement. Journal of Business Research, 60, 1070–1079. http://dx.doi.org/10.1016/j.jbusres.2006.12.014

Zahra, S.A. & Pearce, J.A. (1989) Boards of directors and corporate financial performance: A review and integrative model. Journal of Management, 15(2): 291-335.

Zattoni, A., Gnan, L., & Huse, M. (2015). Does family involvement influence firm performance? Exploring the mediating effects of board processes and tasks. Journal of Management, 41(4).

Zellweger, T. M., Eddleston, K. A., & Kellermanns, F. W. (2010) Exploring the concept of familiness: Introducing family firm identity. Journal of Family Business Strategy 1(1): 54-63.

Zhou, M. (2004). Revisiting ethnic entrepreneurship: convergencies, controversies, and conceptual Advancements1. International migration review, 38(3), 1040-1074.

Zhou, M., & Liu, H. (2015). Transnational Entrepreneurship and Immigrant Integration: New Chinese Immigrants in Singapore and the United States. Immigration and Work (Research in the Sociology of Work, Volume 27) Emerald Group Publishing Limited, 27, 169-201.

Suggested textbooks:

Armstrong, M. (2009) Armstrong Handbook of HRM practice. Kogan Page. London

Bratton, J. and Gold, J (2012) HRM. Theory and Practice. Palgrave Macmillen

Cooper, R.J. Burke (2011) HRM in Small Business. Achieving Peak Performance. Edvward Elgar, Cheltenhem, UK

Fink. M and Klaus, S (2009): Management of Small and Medium Entreprises. Routledge. New York

Fletcher D. (ed) Understanding the small family business. Routledge, New York.

Gagnon, S., Shostak, B. and Westgat, C. (2004) The new managing of human resources. Pearson, Toronto

Gold, J. Holden, R. Iles, P. Steward, J., Bearwell, J. (2010) HRD. Theory and Practice. Palgrave Macmillen

Randsberg, D, Sage-Hayward, W., Schuman, A., M. (2016) Human Resources in the Family Business. Maximalizing the power of your people. Palgrave Macmillan, New York.

Wilkonson, T. and Redman, A. (2009) Contemperary HRM. Text and Cases. Pearson.

Whapshott, R. and Mallett, O. (2016) Managing Human Resources in Small and Medium-sized Entreprises. Entreprenourship and the employment relationship. Routledge Masters in Entreprenourship. New York.

ANNEX 1

National specifications

Introduction

Although our handbook was designed according to a holistic concept, thus integrating the perspectives on family business governance, human resources and immigrant's integration from the all members of the UE, the authors should mention that there exist several important national peculiar characteristics and differences. Therefore, this section indicates the most important issues that have to be considered from the perspective of countries involved in FAME project, namely Hungary, Poland and the UK. The role of this section is not to discuss those differences in an extensive and fully comprehensive way, but rather to indicate the most important areas and provide a reader with the follow-up literature to deepen the knowledge on these topics.

I. Family Business Governance
I.1. Poland
(Jan Brzozowski)

The primary sources of law, regulation and practice relating to corporate governance in Poland are (Nowodworska A. Wajdzik J., 2017):

• the Commercial Companies Code establishing basic governance rules for commercial companies;

• the Civil Code, including rules regarding commercial proxies;
• the Public Offer of Financial Instruments Act establishing rules for the functioning of public companies which are only partly regulated in the Commercial Companies Code;
• the Act on Freedom of Conducting Business Activity establishing principles for performing economic activity;
• the Act on the National Court Register establishing registration principles of corporate entities;
• the Unfair Competition Law establishing the notion of unfair competition and rendering mechanisms for its prevention;
• the Act on Anti-Money-Laundering and Combating of Terrorism establishing the position of the General Inspector of Finance Information as well as procedures preventing money laundering and financing of terrorism; and
• the Bankruptcy and Reorganisation Act including obligations of the members of the management board to file in bankruptcy petitions.

Poland has a two-tier board structure, consisting of a supervisory board (SB) nominated by the General Meeting of Shareholders (GMS) and a management board (MB). The separation of management and supervisory functions is the main differentiating feature between Anglo - American and Continental systems . The Commercial Companies Code (CCC) specifies the duties and rights of company boards and G M S. Both, MB and SB owe a duty of loyalty to the company, their duty towards the company's shareholders is secondary (Jerzemowska M., Golec A., 2013, pp.7-8).

Despite this separation, a purely ornamental function of the Supervisory Board is often the case in Polish joint-stock companies.

The Supervisory Board composes of at least three members, and in public companies of at least five members, who are elected and removed by the general meeting. The term of office of a member of the supervisory board cannot be longer than five years. The term may be repeated. The main duties and rights of the SB in Poland are:

- Evaluation of the reports and statements of the Management Board (on the company's operations and financial statements for the previous financial year).
- Evaluation of motions of the Management Board concerning distribution of profit or coverage of losses.
- Submitting to the General Meeting of Shareholders annual report presenting the outcome of the above evaluation.
- Suspending from duties the Management Board or its individual members for important reasons.

The Management Board is responsible for managing the affairs of and representing the company. It is responsible for those issues that have not been reserved either for the supervisory board or for the shareholders' meetings. The members of the management board are appointed and dismissed by the supervisory board, unless the articles of association provide for a different mechanism.

Warsaw Stock Exchange provides its' listed companies with the Code of Best Practice. The latest update of it was made in 2016. The "Best Practice of WSE Listed Companies 2016" builds upon and incorporates the tradition of the Polish corporate governance movement, which was initially formalized in the "Best Practices of Public Companies 2002". It aligns with the current market reality and the European regulations. The modifications of the Code of Best Practice aim to further enhance the quality of listed companies in terms of corporate governance standards.

According to the Code of Best Practice, the objective of corporate governance is to develop tools supporting efficient management, effective supervision, respect for shareholders' rights, and transparent communications between companies and the market (Best Practice of WSE Listed Companies, 2016)

- Listed companies should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy. To this end, they should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.
- A listed company is managed by its management board, whose members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and imple menting its strategic objectives, and ensuring the company's efficiency and safety.

- A company is supervised by an effective and competent supervisory board. Supervisory Board members act in the interest of the company and follow their independent opinions and judgement. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.
- Listed companies should maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity.
- The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.
- The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.
- Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.
- Companies should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.
- A company should have a remuneration policy applicable at least to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

According to the report "The application of corporate governance in Polish public companies", prepared by Deloitte in November 2016 (Deloitte, 2016), the Supervisory Boards of a companies listed on the Warsaw Stock Exchange usually consists of five members. This is the case in 41% of companies.

Listed companies try to fulfil the independence requirement of at least part of the composition of the Supervisory Board. This criterion is met by one third of the Board. Nevertheless, in 30% of companies in which the audit committee is separated, the chairman is a person who does not meet the requirements of independence, although such recommendation is included in Good Practices.

The average age of the chairman of the Supervisory Board of a Polish company is 52 years. It is definitely the highest for banks (57 years), and the lowest for brokerage houses (46 years).

All examined companies comply with the obligation to accept the updated practices of the Warsaw Stock Exchange and inform about it on their website. 98% respects the principle of "comply or explain" and in the case of non-application of selected recommendations or principles explains the reasons why they did not implement them.

Despite the declarations that point to the growing awareness of corporate governance and the need to address this issue, companies are still reluctant to apply rules on specific topics. These are: ensuring an appropriate level of independence in supervisory boards, including the appointment of an independent chairman of the audit committee, implementation and publication of reports on the application of remuneration policy, implementation and publication of information on the application of diversity policy, and implementation of internal solutions to prevent and counteract situations that constitute conflict of interest.

I.2. Hungary

(Karina Szászvári)

There is a difficult circumstance in the investigation of family businesses in Hungary: there is no generally valid definition for them. Despite of the lack of definition, business and government organizations addresses the characteristics of family businesses, even their numeracy, without giving any empirical basis to their message. Therefore the representative family business research initiated by Budapest Lab is a niche, which early results - are focusing on the sampling method according to definition, and size, number of owners etc. - has been recently published. (Kása et al, 2017). Kása et al. (2017) make an attempt to include a family business definition: on this basis, we consider companies as family firms "where at least 51% of the company owns a family and:

- the family is involved in the management of the enterprise OR
- family members are employed as employees in the operation of an enterprise OR
- the management and the property are to be partly or completely transferred within the family (Kása et al., 2017, 18.o.).

According to the data published by the Central Statistical Office in 2016, about 690,000 SMEs operate in Hungary, including 94.4% (nearly 650 thousand) micro enterprises with less than 10 employees. 4.8% of SMEs (33 000 companies) are small enterprises and 0.8% (roughly 5200 companies) are medium-sized enterprises - in Hungary, the average number of employees per SME is 3.38, with which we are among the EU's driving force. (Szászvári et al., 2018)

As we see the large and growing role of family businesses in the Hungarian economy makes it necessary to learn more about this group. The literature suggests that we have knowledge of the enterprises of the developed countries, and the theoretical models come from this economic and social context as well, but we know very few about the Hungarian specialities. (Kása et al., 2017; Németh, 2017)

In the light of the SME dominance of the Hungarian entrepreneurial structure, it is important to explore the familiar practices of small, medium-sized family businesses, focusing particularly on the role of family and property issues. So much the more as family businesses are characterized differently to non-family firms in strengths, weaknesses, and problems (Csákné, 2012 in Heidrich et al, 2016). There is a growing effort to find Hungarian family businesses to be explored (eg. foundation of Budapest LAB Business Development Centre at BBS).

The Hungarian family firms have little experience, there are not good examples, and classic corporate governance theories and practices are less applicable in micro and small enterprises representing most of Hungarian enterprises. (Gubányi et al, 2015; Németh, 2017)

In the family businesses that have emerged since the collapse of the state-socialist regime, the personality and role of the founding entrepreneur is very important, and the business is built around it. So, the distribution of power is unquestionable unequal in most of the Hungarian family firms. Some evidences emerged about the paternalist leader from a qualitative study, who intervenes in his colleagues' personal life (as parent) and attempts to influence his/her personal well-being as well. Moreover, paternalistic culture was identified in these firms, in which the leader feels the need to provide personal security and therefore awaits loyalty and respect. There was a significant intention in those firms that are entering the second generation to change the enterprise into other types of solutions: the informal loyalty-based regulation should take over the regulated, efficient structure and a professionalized operation should take place. (Heidrich et al, 2016)

Most of Hungarian researches in the field of family business are dealing with succession issues. Another emerging research field is the firm's performance and the influencing factors of it.

As it is seen the arrangements for studying family business governance has begun: from research point of view, the mapping of relevant theories has started (Csákné, under press), the detailed assessment, review and good practices of the Hungarian situation have begun (concentrating in Budapest LAB researches) but the results are still to be published.

I.3. United Kingdom
(Nick Beech)

Many UK family businesses require good governance to raise capital or to trade with companies in Europe. The Institute for Family Business (IFB) report 1.3 million incorporated family firms in the UK where appropriate governance structures should ensure good decision-making in these organisations (IFB, 2018). The financial crisis provided a stark reminder of the need for a robust governance framework in the global banking sector. However, good governance is not only relevant for financial institutions. Appropriate governance practices are seen as a key to success in UK companies of all types and sizes, including family business small and medium sized enterprises (SMEs).

The latest edition of the UK Corporate Governance Code was published in 2016 by the Financial Reporting Council (FRC, 2016). However, the evolution of corporate governance continues in the UK. In 2016, the UK Government launched a consultation on a Green Paper to consider what changes might be appropriate in the corporate governance regime to help ensure improved business performance and facilitate an economy that works for everyone (BEIS, 2016). The Institute for Family Business (IFB) prepared a reply to the consultation which highlighted the need for a proportional approach to regulation. The Government response to the consultation set out nine headline proposals for reform across three specific aspects of corporate governance (i) Executive pay (ii) strengthening the employee, customer and supplier voice and (iii) Corporate governance in large privately-held businesses. One of ten actions being promoted by the Government involves the FRC working with the Institute of Directors (IOD), the Confederation of British Industry, the Institute for Family Business, the Business Venture Capital Association and others to develop a voluntary set of corporate governance principles for large private companies (BEIS, 2017).

Most of the codes and governance regimes apply to large organisations. In the absence of their own specific reference point, there is a danger that family business small and medium enterprises (SMEs) will refrain from developing an appropriate governance framework which may have adverse implications for their success and sustainability. The IOD recognised this and produced a guide for UK businesses outlining fourteen principles of good governance for unlisted companies (IOD, 2010). The guidelines take into account the size, complexity and level of maturity of individual enterprises. The guide is designed to support unlisted companies – such as founder and family-owned businesses – who can use the framework to ensure their long-term sustainability.

Many unlisted enterprises are owned and controlled by single individuals or families. According to the Institute of Family Business 88% of all private sector firms in the UK are family businesses (IFB, 2018). Good corporate governance in this context is not primarily concerned with the relationship between boards and external shareholders (as in listed companies). Nor is it mainly about compliance with formal rules and regulations. Rather, it is about establishing a framework of company processes and attitudes that add value to the business, help build its reputation and ensure its long-term continuity and success. The IOD guide provides an insight into the reasons for family businesses to pursue good governance in the UK

• Good corporate governance is particularly important to the shareholders of unlisted companies. In most cases, such shareholders have limited ability to sell their ownership stakes, and are therefore committed to staying with the company for the medium to long term. This increases their dependence on good governance.
• Good governance can also play a crucial role in gaining the respect of key external stake holders. In an environment of mounting societal scrutiny towards the business world, even unlisted companies have to devote attention to their stakeholder responsibilities. Corporate reputation will benefit from a gradually increasing transparency and accountability.
• An effective governance framework defines roles, responsibilities and an agreed distribution of power amongst shareholders, the board, management and other stakeholders. Especially in smaller family companies, it is important to recognise that the company is not an extension of the personal property of the owner.
• The design of an appropriate corporate governance framework is undertaken on a voluntary basis by individual family businesses

The IOD guide identifies fourteen principles of good governance presented in a dynamic phased framework which takes into account the degree of openness, size, complexity and level of maturity of individual firm. This dynamic approach towards governance is viewed as an essential element of a framework that evolves over the lifecycle of the business. The principles provide a governance roadmap for family owners or founder-entrepreneurs as they plan the development of their companies over the corporate life cycle. These principles may be relevant for subsidiary companies and joint ventures as well. The fourteen principles to guide good governance in family business SMEs in the UK are highlighted in below.

1. Shareholders should establish an appropriate constitutional and governance framework for the company.
2. Every company should strive to establish an effective board, which is collectively responsible for the long-term success of the company, including the definition of the corporate strategy. However, an interim step on the road to an effective (and independent) board may be the creation of an advisory board.
3. The size and composition of the board should reflect the scale and complexity of the company's activities.
4. The board should meet sufficiently regularly to discharge its duties, and be supplied in a timely manner with appropriate information.
5. Levels of remuneration should be sufficient to attract, retain, and motivate executives and non-executives of the quality required to run the company successfully.

6. The board is responsible for risk oversight and should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets.
7. There should be a dialogue between the board and the shareholders based on a mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place. The board should not forget that all shareholders have to be treated equally.
8. All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.
9. Family-controlled companies should establish family governance mechanisms that promote coordination and mutual understanding amongst family members, as well as organise the relationship between family governance and corporate governance.
10. There should be a clear division of responsibilities at the head of the company between the running of the board and the running of the company's business. No one individual should have unfettered powers of decision.
11. All boards should contain directors with a sufficient mix of competencies and experiences. No single person (or small group of individuals) should dominate the board's decision-making.
12. The board should establish appropriate board committees in order to allow a more effective discharge of its duties.
13. The board should undertake a periodic appraisal of its own performance and that of each individual director.
14. The board should present a balanced and understandable assessment of the company's position and prospects for external stakeholders, and establish a suitable programme of stakeholder engagement

II. Human resources

II.1. Poland

(Jan Brzozowski)

In Poland, year by year, the population is declining. This is due, firstly, to the surplus of deaths over births (a phenomenon that has been sustained since 2013), as well as to economic emigration, which significantly increased after Poland's accession to the EU in 2004. The latter phenomenon is also connected with the problem of brain drain, which is manifested by the fact that young people are leaving Poland and, above all, those well-educated. For these reasons, the development of effective forms of human resource management is becoming more and more important (Central Statistical Office, 2017).

Human resource management in Poland has gone through a significant change since the times of the political system transformation in the 1989. In that days there was close to none HRM. It was than limited to bureaucratic issues connected with employment but we can hardly talk about any HRM strategies.

The creation of a free market economy, restructuring of enterprises and collapse of the centrally planned economy resulted in the adaptation of the western approaches to HR management. This was also due to the inflow of foreign capital and the creation of IT systems supporting the management of personnel processes.

Probably the greatest change took place in the structures of Polish companies. At the beginning of the transformation period, the hierarchical rigid organizational structure prevailed. The following years made entrepreneurs aware of the need for deep changes and more and more inclination towards project and task management.

The HR experts also point out to the mental change and related changes in the work culture. "30 years ago, a rigid, autocratic and bureaucratic work culture prevailed," notes Grzegorz Filipowicz, president of the Polish Association of HR Business Partners. And he adds: "Today, the relational and design culture is the norm. Probably most of us are not aware of the scope of these changes, but if we were to move back in time by 30 years, we would probably experience a culture shock." (https://hrpolska.pl/hr/czytelnia/historia-hr-w-polsce, access: 04.07.2018)

The Labour Code is the basic and the most important legal act regulating relations between employers and employees. The Labour Code describes the conditions under which work in the territory of the Republic of Poland may be provided. The provisions of employment contracts and other acts on the basis of which the employment relationship arises may not be less favourable to the employee than the provisions of the labour law (paih.gov.pl, access: 04.07.2018).

Within Polish human resources there is one very important and historically significant actor, namely the trade unions. Trade unions in Poland played a crucial role during the transformation process of the political system. The political role of trade unions must also be considered, especially Solidarity's influence on socio-economic affairs as it played not only the role of worker representative but also, later, governing power. Later during the transformation period many trade-union activists (mainly „Solidarity” members) became politicians reforming the economy and shaping today’s political system. In the present trade unions came back to its traditional role (Jagusiak, 2010).

The fundamental rights of trade unions include: (https://www.paih.gov.pl/polish_law/labour_regulations#10, access: 04.07.2018)

- the right to negotiate and execute collective bargaining agreements and other statute -based agreements,
- the power to agree on rules, especially work and pay rules,
- the right to express opinions on legislative objectives and bills, as far as trade unions are able to do so, and the right to request entities with legislative powers to pass or alter a statute or other normative act,
- the right to give an opinion or approval or to object in individual employment matters, especially termination of an employment contract with or without notice,
- the right to request the Supreme Court to explain provisions of labour and social security laws; this right is available to sector trade union organizations.

II.2. Hungary

(Karina Szászvári)

Although the importance of HRM is increasingly recognized by Hungarian companies, almost no information on small and medium enterprises or family businesses is available.

According to the review of the HRM practices of family SMEs and some experiences in Hungary it can be drawn in three points the most significant HRM characteristics in SMEs:

(1) Informality. In all HRM areas the formalization is on low, especially in the case of strategic HRM practices (talent management, training development, compensation). The low formalization of HRM systems may have adverse effects: the company cannot address its valuable employees, it does not prove to be a sufficiently attractive employer, it does not provide a clear career and talent program, nor is compensation comprehensible. At the same time, informal operation also has many advantages. This is due to the company's flexibility and rapid response ability. The socio-emotional atmosphere of family SMEs has several additional positive effects: direct workplace atmosphere, high level of trust, participation, involvement, commitment, loyalty, strong cohesion. All of these can be related to the company's economic success. Informal operation is considered by traditional discourses as a "backwardness" and, accordingly, informal forms of HR practices (knowledge transfer, talent management) receive unduly little attention. We can also see that cohesion and trust plays an important role in the functioning of family SMEs. Cohesion, as the internal cohesive power of an enterprise, can, on the one hand, facilitate knowledge transfer, while making it difficult for transparent and consistent internal operations. The judgment of trust is also double fold. On the one hand, it also promotes knowledge transfer, but weakens the judgment of family members on the basis of professional competencies and the rationality of decisions on employment.
(2) The leader. Another important area is that the person of the family SME manager is decisive for HRM processes. In the selection-recruitment the level of education, the leadership experiences and the commitment to employees, in the learning-development processes the relationship to learning, openness and the belief in development affect the enterprise's HRM practice. The culture-shaping effect of the leader's style can be found in the cultural patterns of the enterprises and in their internal values. The transformational leadership style can be associated with commitment and harmony and with strong internal cohesion.
(3) Distinguished Position of Family Members. The most significant challenge for family businesses is the distinction between family members and non-family members, and it is also evident that family interests often override business interests. A common dilemma is that managers can hardly meet the dual requirements of family equity and economic performance principles at the same time. This dual system of norms has an adverse effect on organizational performance besides social relations.

After a summarising theoretical background of the main HRM characteristics in SMEs, there is an emerging research activity, which attention focuses on some promising research areas:

(1) industry specificities may influence the characteristics of family SMEs, so the patterns of knowledge-intensive or non-knowledge-intensive industries may also be interesting,
(2) an other challenging research question as to how family and business aspects are harmonized in family SMEs,
(3) as a less-researched area, reveal how interpersonal relationships, dialogue, participation, and the impact on the company's retaining power and business success is reflected in the internal functioning of family SMEs. (Szászvári et al, 2018)
Hopefully evidences will be given in the next years.

II.3. United Kingdom

(Nick Beech)

One of the persistent debates associated with HR is the extent to which employment regulation is a benefit or a burden to the UK economy. Over the past decades, EU directives have affected workers' rights across the UK economy and a crucial question triggered by Brexit is what should happen to the significant body of employment law that derives from Brussels?

The discourse about the pros and cons of employment law is often politicised and polarised, with a dominant theme focusing on the need for UK employers to be freed from the burden of 'red tape'. The risk is that this kind of rhetoric can mask the real impact of employment regulation in workplaces. The Chartered Institute of Personnel Development (CIPD, 2017) suggest that complying with employment regulation is a necessary part of operating a business and that the narrative should not focus on compliance alone, but on the responsibility of HR professionals and businesses to 'do the right thing'. Many businesses espouse the value they place on their people in their company reports, but how often does the rhetoric match the reality? In today's workplace there is a compelling case to approach employment regulation in a more holistic way which will encourage a potentially far greater return on investment from people in terms of their wellbeing, engagement, commitment and loyalty. The findings from the research hint at this more 'humanistic' approach to HR in the UK with a majority (52%) of HR professionals responding to a survey reporting that their organisation goes beyond what is required when implementing employment law.

The CIPD suggest that a key focus of the debate going forward has to be on enhancing whatever strengthens good workplace practice and effective people management. It is sometimes argued that employment regulation is fine for larger organisations with HR departments, which have the resources to deal with red tape, but it is much more difficult for small and micro businesses to cope with. A significant proportion of these small and micro businesses are family businesses (IFB, 2018). However the CIPD argue that employment regulation comes a long way down the list of issues that small businesses see as creating obstacles to success (BIS, 2016) and that the UKs employment regulation framework provides sufficient flexibility for employers and appropriate employment protection for workers. However, Brexit can be viewed as an opportunity to enhance the quality of some aspects of EU-derived employment law, as well as consulting on reforms to improve the application of certain laws in practice. The CIPD argue that both these aims can be achieved without undermining the level of protection these laws afford to people at work.

In another recent report the CIPD surveyed 629 professionals about the topics trends and challen-ges currently facing the profession in the UK. The research identified seven key areas (CIPD, 2018)

1. Current and future organisational priorities: Cost management remains the most common current and future priority, followed by talent management and increasing organisational agility and productivity. Most HR professionals feel their team's activities are at least somewhat aligned with achieving their organisation's top current and future priorities. Senior HR professionals perce-ive that alignment to be stronger than junior professionals.

2. The future of work. The research identifies the biggest drivers of change and their positive or negative impacts.   Economic change, including globalisation and Brexit, is thought to be the biggest driver of change and is the trend HR professionals are most negative about in terms of its impact on organisational objectives. There is some variation among HR professionals in the extent to which they are able to work with others in their organisation to respond to the trends that are driving change. Those in more-senior roles tend to feel they have more input and influence.

3. People management: The research identifies which leadership behaviours and skills will be most needed by their organisations over the next three years, as well as the current effectiveness of leaders in demonstrating these skills. The findings suggest that most organisations would benefit from targeted investment in their leadership capability, particularly on people issues. The research also identifies changes in the size of the HR function and the trend for transferring HR responsibili-ties to line managers, with half of organisations requiring line managers to take on responsibilities previously undertaken by HR professionals in the last 12 months. In just 44% of organisations, line managers receive formal training when they take on these responsibilities. In 60% of organisations they get tailored support. Just 25% of employers offer both formal training and ongoing support.

4. HR data. Data and technology (including systems) and organisational culture are most com-monly rated as barriers to implementation. This study shows that organisations remain broadly distributed across the maturity scale in terms of their analytics capability, which suggests that many would benefit from improving the access of key stakeholders (for example finance managers, line managers, and risk and compliance professionals) to HR data and analytical insights.

5. Technology. The research examines views about current HR technology and its importance for employee engagement. It looks at how well technology enables HR professionals to do their work The survey finds considerable variation and suggests that the most important attributes of good HR technology are the user interface, having a single system for all HR needs and the flexibility to adapt to changing requirements.

6. Employee voice: Over half of HR professionals report their organisation has taken steps to improve employee voice over the last 12 months. The survey identifies the most common barriers to be the attitudes of senior management and the fears of employees.

The report considers the implications of the findings for HR and presents six key priorities for HR in the UK.

1. Demonstrate the value of the HR agenda
2. Use HR data to strengthen evidence-based decision making
3. Harness the benefits of technology
4. Prepare for economic uncertainty (for example globalisation and Brexit)
5. Adapt to the changing needs of the workforce.
6. Strengthen the capability of people managers.

III. Immigrant, diaspora, ethnic and minority entrepreneurship

There is hard to find a more politicized issue in EU domestic policy than immigration. The migration and refugee crisis in Europe (2015-2016), caused by the domestic war in Syria and neighbouring countries of Middle East and Africa (MENA region) has resulted in an unprecedented movement of people to EU member states: in the 2015 alone, ca. 1 million of migrants and refugees were admitted (Miles, 2015). This exodus resulted in an anti-immigration hysteria in many EU countries, which in turn had an impact on the political parties and political systems. This section in short summarizes the development of political agenda towards migration issues in three countries: Hungary, Poland and the UK. Then it considers the legal implications for conducting business activity by immigrants and changing regulations, with particular attention paid to the foreign individuals.

III.1. Poland

(Jan Brzozowski)

The Polish case show how unpredictable the socio-economic environment can be in regards to immigration issues. When writing a bid for FAME project, Poland was still a net out-migration country, with over 1,3 million new migrants who left the country in a post-2004 period. Yet, in recent years the situation has changed dramatically: due to domestic war in Donbas region (2014-?) and the economic crisis in Ukraine, the citizens of this neighbouring have started to immigrate into Poland on a massive scale. This massive immigration is – paradoxically – happening at the same time in which Polish government and Polish society is becoming increasingly sceptical towards immigration (Harris et al., 2017) and common EU migration policy in particular. According to recent estimates, in 2017 there were ca. 900 thousand Ukrainians in Poland (Chmielewska, Dobroczek & Panuciak, 2018). Albeit most of them took typical immigrant jobs in construction, household services, trade and hospitality sector, there is an increasing trend for entrepreneurial activities (Andrejuk, 2016). Ukrainian entrepreneurs become active not only in traditional immigrant sectors or within the ethnic enclave, but increasingly visible in mainstream sectors of the Polish economy, such as ICT sector or transportation services. There is also a new trend for Ukrainian entrepreneurs to shift their current business model from home country to Poland, due to difficult economic situation in Ukraine.

In the case of legal framework, the conditions for creating an enterprise in Poland depends on the origin and legal status of an immigrant. Legal residents of EU and EU-nationals can conduct any form of entrepreneurship allowed by Polish law, including the simplest individual economic activity (economic activity carried out by natural persons). The same applies for third country immigrants (coming from countries outside of the UE) who have received a permanent stay status and for some of the immigrants from Ukraine who are the Pole's Card holders . Yet, most of recently arrived Ukrainians do not have such status, and as third country citizens are allowed to conduct business activity on a basis of commercial companies, which include 4 types of enterprises: limited partnerships, limited joint-stock partnerships, limited liability companies and joint-stock companies. The most popular one is limited liability company (sp. z o.o.), as it entails a relatively low precondition of minimum share capital for business foundation (5000 zloty, ca. 1200 €, cf. migrant.info, 2018).

In the case of legal framework, the conditions for creating an enterprise in Poland depends on the origin and legal status of an immigrant. Legal residents of EU and EU-nationals can conduct any form of entrepreneurship allowed by Polish law, including the simplest individual economic activity (economic activity carried out by natural persons). The same applies for third country immigrants (coming from countries outside of the UE) who have received a permanent stay status and for some of the immigrants from Ukraine who are the Pole's Card holders . Yet, most of recently arrived Ukrainians do not have such status, and as third country citizens are allowed to conduct business activity on a basis of commercial companies, which include 4 types of enterprises: limited partnerships, limited joint-stock partnerships, limited liability companies and joint-stock companies. The most popular one is limited liability company (sp. z o.o.), as it entails a relatively low precondition of minimum share capital for business foundation (5000 zloty, ca. 1200 €, cf. migrant.-info, 2018).

At the same time, the Polish government is currently (as for July 2018) working on a new programme which aims to encourage returns from migration. The programme "Pierwszy biznes - Wsparcie w starcie" is targeting ca. 2.5 million members of Polish diaspora and – if passed by Parliament – will provide returnees with preferential loan to open own business (Rozwadowska, 2018). It is hard to predict the effects of this new policy, but if it is introduced, there is a possibility that new firms could be created by returnee migrants.

Pole's Card is a special document which is issued for those citizens of Eastern European countries (mostly Baltic States, Belarus and Ukraine, also Kazakhstan) who have Polish ancestry but are not able to apply for Polish citizenship. It provides access to special benefits, including free visa, but also free access do educational services in Poland and work permit in a country.

III.2. Hungary

(Karina Szászvári)

The importance of immigration for Hungarian economy is rather marginal, as according to official statistics there are currently (as for 1st January 2018) 161 thousand foreign citizens residing in the country (ksh.hu, 2018). Yet, under the Fidesz government, the Hungary become one of the Member States (together with Poland) of the EU which took the most restrictive approach towards the refugee/migration crisis in Europe (Márton and Goździak, 2018). Therefore, the climate towards immigrants and immigrant entrepreneurs is currently not very favourable (Korkut, 2014). There are limited studies on immigrant entrepreneurship in Hungary, and the few papers (f.i. Tepacevic, 2017) actually stress the importance of firms created by the foreigners coming from post-Soviet bloc, which tend to create networks and within-group cooperation based on the shared commandment of Russian and Post-Soviet ancestry.

The conditions for third country nationals to enter Hungary and start a business activity are rather tight. Within the Hungary Business Residence Program the immigrants from non-EU countries can start entrepreneurial activity in the country after meeting the minimum investment threshold of 50 thousand €. This is a rather high threshold, and even if the program is not so controversial (anyway, the firm has to be created and sustained in Hungary) as the heavy criticized Residency Bond Program (basically applicants from non-EU countries could get the access to Schengen Zone if they bought Hungarian bonds for 300 thousand €, but they do not had to stay in the country or even enter the EU through Hungarian border, cf. Cooper, 2016) its effect for business creation in the country is rather small.

III.3. United Kingdom

(Nick Beech)

The most important political change in recent years is of course the result of 2016 referendum, in which 51.9 % of the British electorate voted for the UK to leave the European Union. In this regard, the immigration played a key role, but – contrasting to the other EU countries – in a bit peculiar way. Indeed, the public hostility towards increased migration in the UK contributed to increased support to Nigel Farage UK Independence Party and other populist and right-wing parties (Goodwin and Milazzo, 2017). Yet, the overwhelming majority of those who voted for Brexit originated in the regions in which the immigration population has increased substantially before the EU migration crisis, i.e. in years 2004-2014. Consequently, the British electorate seemed to be not so much concerned with the massive influx of refugees and political migrants from MENA region, but rather from the migration of the citizens of the EU member states from the Central and Eastern European countries, mostly Poland and Romania. For instance, among the foreign-born population of legal residents in the UK in 2016 (but excluding the naturalized immigrants who hold British citizenship) Poles became for the first time the most numerous group (911 thousand), surpassing traditional immigrants like Indians or Pakistanis, while the Romanians ranked fifth (310 thousand, cf. ONS, 2018).

It is hard to predict the exact outcome of Brexit process at the moment we are writing this annex, but it is reasonable to assume that the free mobility of EU nationals will be halted, as this issue was one of the main concerns of the average Briton who voted in 2016 elections. Consequently, the barriers for the further migration of Poles and Romanians to the UK might have an impact on the development perspectives of immigrant enterprises, especially for those firms which operate currently in the ethnic enclave economy (see unit 11 of this handbook). As the inflow of new immigrants from the CEE countries could be substantially reduced, the firms that rely on co-ethnic clients would have to adapt to a new situation, probably trying to expand their operations beyond the ethnic economy.

The Brexit process could have also serious implications for legal aspects of conducting business activity in the country. Currently, most of the small-scale immigrant entrepreneurs from Central and Eastern European countries can use the simplest form of legal business, namely the self-employment as a sole trader (Gov.uk, 2018). This form of entrepreneurship is very favourable for immigrants, especially for initial phase of business activity, as the income below 10,600 GBP is tax-free, while the yearly income in the range of 10,600-42,385 is taxed by just 20%. The migrants from non-EU countries wishing to come to the UK and to settle up their own business have to apply for Entrepreneur visa within the Points-Based System (PBS), and the main requirement requirement is the access to at least 50,000 GBP funds, a threshold which could be very difficult to surpass by a small-scale entrepreneur (Devine and Meyer, 2017).

Finally, for the functioning of immigrant firms, but also all SMEs the crucial issue would be the regulations governing the hiring and dismissal practices of immigrants in the UK. According to the most recent studies (McCollum & Findlay, 2015), the immigrants from A8 (Central and Eastern European countries from the EU) countries tend to fill vacancies that domestic workers were unwilling to consider, becoming a flexible supplement for the permanent domestic workforce. The immigrant workers from CEE countries in the UK are perceived very favourable by the representatives of SMEs sector, as they constitute greater "value for money" than other workers and on average are characterized by a higher "work ethnic". Finally, they are more flexible in terms of the work contract, being more inclined to take part-time and short-term contracts than domestic workers. Consequently, the planned cuts in the inflow of new immigrants from CEE due to Brexit could constitute a serious challenge for mostly domestic/British-owned small and medium-sized enterprises, as the immigrant family firms would retain some possibilities of recruitment via family unification principle.

References

Andrejuk, K. (2016). Co skłania imigrantów do zakładania własnych firm? Analiza procesu samozatrudniania i rozwijania przedsiębiorstw etnicznych na przykładzie społeczności Ukraińców w Polsce. Studia Migracyjne-Przeglad Polonijny, 42(3 (161)), 223-253.

BEIS (2016) Corporate Governance Reform. Green Paper. London Department for Business, Entergy and Industrial Strategy. Available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584013/corporate-governance-reform-green-paper.pdf

BEIS (2017) Corporate Governance Reform. The government response to the Green Paper consultation. Available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/640470/corporate-governance-reform-government-response.pdf

BIS (2016). Longitudinal small business survey year 1 (2015) Research Paper No 289. London. Department for Business Innovation and Skills.

Central Statistical Office (GUS) (2017) Kapitał Ludzki w Polsce w latach 2012-2016, Warsaw

Chmielewska, I., Dobroczek, G., Panuciak, A., (2018). Obywatele Ukrainy pracujący w Polsce – raport z badania. Badanie zrealizowane w 2017 r. Departament Statystyki NBP, Warszawa, 2018 r.

CIPD (2017). Employment regulation in the UK: burden or benefit? London. Chartered Institute of Personnel Development.

CIPD (2018). HR Outlook. Winter 2016-17. London. Chartered Institute of Personnel Development.

Cooper, H. (2016). Hungarian hole in the Schengen fence, Politico, 9/29/16, available at: https://www.politico.eu/article/hungary-residence-permits-schengen-visa-free-viktor-orban/
Csákné Filep, J.,Kása, R., Radácsi, L. (under press): Családi vállalkozás kormányzás – A nemzetközi szakirodalom kategorizálása a három kör modell tükrében (Family Business governance-categorization of the literature in the light of three circle model), Vezetéstudomány.

Csákné Filep, J.,Kása, R., Radácsi, L. (under press): Családi vállalkozás kormányzás – A nemzetközi szakirodalom kategorizálása a három kör modell tükrében (Family Business governance-categorization of the literature in the light of three circle model), Vezetéstudomány
Deloitte (2016) The application of corporate governance in Polish public companies,
Devine, L. and Meyer, M. (2017). Business immigration in the United Kingdom: overview, Thomson Reuters Practical Law, 1st Sept 2017,

https://uk.practicallaw.thomsonreuters.com/0-627-5125?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1
FRC (2016) The UK Corporate Governance Code. London. Financial Reporting Council.

https://www.frc.org.uk/getattachment/-ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf
Goodwin, M., & Milazzo, C. (2017). Taking back control? Investigating the role of immigration in the 2016 vote for Brexit. The British Journal of Politics and International Relations, 19(3), 450-464.

Gov.uk (2018). Working for yourself, available at: https://www.gov.uk/working-for-yourself
Gubányi, Mónika; Csákné Filep, Judit, Kiss, Ágnes; Csizmadia, Péter (2015): National Report on Family Businesses in Hungary INtergenerational Succession in SMEs' Transition – INSIST, Budapest Business School Faculty of Finance and Accounting.

Harris, C., Jackson, L., Piekut, A., & Valentine, G. (2017). Attitudes towards the 'stranger': negotiating encounters with difference in the UK and Poland. Social & Cultural Geography, 18(1), 16-33.

Heidrich, Balázs; Németh, Krisztina; Chandler, Nick (2016): Running in the Family – Paternalism and Familiness in the Development of Family Businesses. Vezetéstudomány / Budapest Management Review, 47 (11). pp. 70-82. DOI 10.14267/VEZTUD.2016.11.08

https://hrpolska.pl/hr/czytelnia/historia-hr-w-polsce

https://stat.gov.pl/obszary-tematyczne/inne-opracowania/inne-opracowania-zbiorcze/kapital-ludzki-w-polsce-w-latach-2012-2016,8,6.html# (access: 04.07.2018)

https://www2.deloitte.com/pl/pl/pages/rady-nadzorcze/articles/rady-nadzorcze-stosowanie-ladu-korporacyjnego-w-polskich-spolkach-publicznych.html (access: 01.07.2018)

IFB (2018) The UK Family Business Sector. State of the Nation. Institute for Family Business. Available at http://www.ifb.org.uk/media/3685/ifb_rf_report_2017_lr.pdf

IOD (2010) Corporate Governance Guidance and Principles for non-listed companies. London. Institute of Directors. https://www.iod.com/Portals/0/PDFs/Campaigns%20and%20Reports/-Corporate%20Governance/Governance%20code%20for%20unlisted%20companies.pdf?ver=2016-11-29-134715-607

Jagusiak B. (2010), Związki zawodowe wobec procesu transformacji systemowej w Polsce, "Studia i Prace Uniwersytetu Ekonomicznego w Krakowie", nr 12, pp.119-131.

Jerzemowska M., Golec A. (2013) Corporate governance in Poland: strengths, weaknesses and challenges, Conference Paper, https://www.researchgate.net/publication/315779018_Corporate_governance_in_Poland_strengths_weaknesses_and_challenges (access: 01.07.2018)

Kása Richárd, Radácsi László, Csákné Filep Judit (2017): Családi vállalkozások Magyarországon. BGE Budapest LAB – Working Paper Series, 4-2017.

Korkut, U. (2014). The migration myth in the absence of immigrants: How does the conservative right in Hungary and Turkey grapple with immigration? Comparative European Politics, 12(6), 620-636.

ksh.hu, (2018). Foreign citizens residing in Hungary by continents, countries, sex, 1 January (1995–) Hungarian Central Statistical Office, available at: https://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_wnvn001b.html

Márton, P., & Goździak, E. M. (2018). Where the Wild Things Are: Fear of Islam and the Anti-Refugee Rhetoric in Hungary and in Poland. Central and Eastern European Migration Review, (online first), 1-27.

McCollum, D., & Findlay, A. (2015). 'Flexible' workers for 'flexible' jobs? The labour market function of A8 migrant labour in the UK. Work, employment and society, 29(3), 427-443.

Migrant.info, (2018). Formy działalności gospodarczej w Polsce http://www.migrant.info.pl/Formy_dzia%C5%82alno%C5%9Bci_gospodarczej_w_Polsce.html

Miles, T., (2015). EU gets one million migrants in 2015, smugglers seen making $1 billion. Reuters, 22 December 2015, available at: https://www.reuters.com/article/us-europe-migrants-idUSKBN0U50WI20151222

Németh Krisztina (2017): Családi vállalkozások teljesítményének endogén tényezői. PhD disszertáció. Széchenyi István Egyetem, Regionális- és Gazdaságtudományi Doktori Iskola, Győr.

Nowodworska A. Wajdzik J. (2017) Corporate governance in Poland, Wolf Theiss, https://gettingthedealthrough.com/area/8/jurisdiction/39/corporate-governance-poland/ (access: 01.07.2018)

OECD, Human Resource Management Country Profile. Poland, https://www.oecd.org/gov/-pem/OECD%20HRM%20Profile%20-%20Poland.pdf (access: 04.07.2018)

ONS (2018). Population of the UK by country of birth and nationality: 2016, available at: https://www.ons.gov.uk.

Polish Investment and Trade Agency, https://www.paih.gov.pl/polish_law/labour_regulations#10 (access: 04.07.2018)

Rozwadowska, A. (2018). PiS chce ściągnąć do kraju Polaków pracujących za granicą. Ustawa o rynku pracy coraz bliżej. Gazeta Wyborcza, 3rd July 2018.

Szászvári Karina, Csillag Sára, Csizmadia Péter, Hidegh Anna Laura (2018): Családi kis- és középvállalkozások HR gyakorlatának sajátosságai. I. Farkas Ferenc Nemzetközi Konferencia, Pécs, 2018. június 7-8.

Tepavcevic, S. (2017). Immigrant Entrepreneurship in Post-Socialist Countries of the European Union: Motives and Patterns of Entrepreneurship of Post-Soviet Immigrants in Hungary. Migracijske i etničke teme, 33(1), 65-92.

Warsaw Stock Exchange (2016) Best Practice of WSE Listed Companies, https://www.gpw.pl/-pub/GPW/o-nas/DPSN2016_EN.pdf (access: 01.07.2018)

LEEDS BECKETT UNIVERSITY

18 57 BGE

common trust • efficiency • innovation • MAC-Team

MGYOSZ BUSINESS HUNGARY

UNIWERSYTET EKONOMICZNY W KRAKOWIE 1925

CEPOR SMEs and Entrepreneurship Policy Centre