STRATEGIC THINKING IN MACEDONIAN FAMILY BUSINESSES: PERCEPTIONS AND PRACTICES

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Abstract
Over the last decades, an increased interest in strategic thinking of family businesses and its influence on the performance has taken place both for practitioners and academics. Strategic thinking as one of the ways of thinking has a crucial place in the modern world and plays essential role in major issues at different organizational levels including individual decision-making and planning. The main purpose of this paper is to examine family businesses from this perspective foremost, but also to provide some insights whether and how strategic planning is conducted and exercised. Specifically, it will focus on the issue of strategic planning practices from a family business perspective, as well as the extent to which family businesses engage in strategic thinking. It will also examine the sources of knowledge used by family businesses in making strategic decisions, the extent of involvement by stakeholders and the aspects such as trust and values. The results obtained from the paper show that strategic thinking had an acceptable level of family businesses and most of the companies have the key element for one business to sustain, because they have developed strategic plan together with the clear mission and vision statement. Furthermore, this paper can be used to expand insights and learn more about specifics of family businesses, from the perspective of strengthening their strategic thinking and planning for a better performance and growth.

Keywords: Strategic thinking, planning, family businesses, Macedonia.

1. Introduction and Context of the study

Being some of the smallest and biggest, youngest and oldest companies in developing and developed countries, family businesses have estimated range from 60% to 98% of all firms in different regions of the world (Miller and Le-Breton Miller, 2005, Chua et al., 2004; Fernandez-Araoz et al., 2015; La Porta et al., 1999). Family enterprises are the predominant form of business entity in the world. As lists of the oldest and largest family firms continue to garner interest among practitioners, educators, and policy makers (Eichenberger, 2011; Peterson Withorn, 2015), scholarly efforts to understand the unique challenges and strategic advantages of these firms continue to escalate.

Family businesses in Macedonia may be the oldest form of business, however they are still under-researched. Most common, they are defined as "Family members involved in a certain type of business activity within a legal entity". Family businesses in Macedonia are usually associated with small and medium sized companies, mostly active in the trade sector, primarily small neighborhood shops and restaurants prevalent in many cities, towns and villages. Agricultural work is also traditionally done by family members in one business. From the other perspective, the importance of SME's is confirmed through their participation in total number of enterprises with 99.7%, as well as through absorption of 80.5% of total number of employees.

2. Literatuire Review

The performance of organizations, no matter the size or the field of business occupied, is becoming a problem for owners and stakeholders. Many different disciplines, management approaches, and studies have greatly explored plenty of reasons and explanations for success or/and failure of organizations. Why they have not being able to achieve their ultimate strategic objectives, or have not fulfilled, at least, their required performance is a constant topic among scholars and researchers. By nature, a strategy of a company is exceptionally essential to the survival and long term achievement of one business. By definition, a strategy coordinates the main objectives of firm's policies and path of activities into an interconnected entity. Herewith, the process of strategic planning is of greatest importance since implies a chain of taking expectable steps that includes defining mission, goals, performing environmental investigation, strategy formulation, performance and control (León-Soriano et al. 2010).

In numerous regards, strategy processes are the same in all organizations, family dominated or not. The key distinctness is that in family business, all phases of the process are likely to be influenced by family values, goals and relations. Additionally, the close inter-relationship between family and business often leads to a mix up of issues from different circumstances. Traditionally, strategy has been seen as the sequential formulation and implementation of an organization's long term goals to achieve profit maximization. Typically, the word strategy has been portrayed as a plan, a rational search for the most efficient way of achieving the goals made by the top managers in one company. Different points of view, give rise to different understandings of the same phenomenon.

The discussion among authors considering the effect of strategic planning on firm's performance, over the decades is somehow blurry and mixed. What makes the relationship of the strategic planning and firm's performance an effective one is the actual benefit that one company has by utilizing the strategic management as a tool for improving (Ali, 2018). Furthermore, Mueller et al. (2007) explained that, although a significant evidences of literature points to a positive relationship between decision process, rationality and organizational performance, there is also persuasive evidence that this relationship is negative. Boyd (1991) in his research concludes that after decades of research, the effect of strategic planning on a firm's performance is still unclear. While some studies have found significant benefits from strategizing, others have found no relationship, or even small negative effects. The results from the prior research appear mixed, largely due to different conceptualizations and measurement of both planning system dimensions and organization performance (Veliyath and Shortell, 1993).
This part of the paper provides a review of several and very recent articles that are embedded on the importance of the strategic thinking towards better performance and on the question of how strategy should be understood in relevance to some issues that are very specific in the case of family businesses.

In the article by De Masis et al. (2015) the main argument that extends the importance of the strategic planning is that the most important advantage that family owned business has is being able to decide the what, the when, and the how of their business. Control over the when, how and what are three contingency factors that describe the advantage held by family firms. These contingency factors capture the control that a family owned firm has over what direction they wish to take in terms of strategic leadership, the control over how the firm navigates towards this direction, and the pace at which the firm adopts new policies and practices. Family owned firms, the authors of the paper argue, have better control over their willingness to behave, the goals and the intentions of the owners, the governance mechanisms and decision-making process that constrain the power of the owners, as well as the resources and capabilities that are needed for owners to lead the firm toward a desired direction.

Crisman at all (2005) are drawing on the most important trends in the development of strategy in family businesses and provide empirical evidence on whether family involvement affects performance. Evidence suggests that family businesses have capabilities and competencies that make them better suited to compete in some environments rather than in others. According to their findings, family businesses differ from non-family businesses in terms of goals, ethics, size, and financial structure, international structures and strategies, and corporate governance. Some evidence suggests that firm value is higher when ownership is concentrated in the hands of the founding family than when the ownership is concentrated but not in the hands of the founding family. This could be due to the fact that the founding family contributes with a shared vision and a sense of belonging for the employees that cannot be the case for a non-family owned business.

Furthermore, on the question of family businesses competencies and capabilities, De Masis introduces the "concept of family-driven innovation", an internally consistent set of strategic decisions that allow a family firm to innovate more by tightening the gap between these decisions and the idiosyncratic characteristics of the firm. However, the empirical results have shown that innovation in family businesses is characterized by a dual nature: On one side, family businesses are more conservative, path dependent, and less innovative than other types of businesses. On the other side, research has shown that family owners control more than 50% of Europe's most innovative businesses. Still, according to recent studies, family firms statistically innovate less, despite having the ability to innovate more than non-family-owned businesses. Scholars and business executives should take an integrated perspective to determine the contingencies of the where, how and what that capture the heterogeneity of innovation decisions and those capturing the heterogeneity of family firms, as well as taking into account the fit between these two sets of contingencies as a key mechanism through which family involvement in a business organization can lead competitive advantage through innovation.

Another article by Danes et al. (2008) explores the success of the family business from another angle- it investigates the contribution of an integrative, inter-functional approach to quality management to the success of 572 small family firms. The study looks at different variables to conclude what makes a family firm successful and sustainable. The results showed that a positive reputation with customers was the most important goal for 44.6% of the family businesses. The most widely used business management practice was evaluating the quality of services or products. Customer satisfaction is the ultimate quality indicator for small, family-owned businesses, which means that larger corporations can depend on small family businesses as suppliers for quality products and services.

Owners and other family members perceive, process, and respond differently to a changing environment and reconstruct business processes to ensure sustainability over time. At the family/business interface where these interconnected resources are managed, a resilience capacity can be built. Resilience capacity is a resource that can be drawn upon during times of internal and external disruption. Family values proved to be important in family owned businesses. The values are reflected in the management structure of the business and therefore affect the success of the firm. Putting the business's needs ahead of the family's needs, hiring help during crunch periods or busy seasons, and working longer hours were associated with more gross revenue.
The central argument of the paper by Tapies (2010) is that two incorrect clichés about family owned businesses persist, despite the evident and well known success of many family-run firms. The first cliché is that the majority of family businesses are SMEs, modest in size and revenues.

The second is that they are short-lived. A previous study by the authors focused on the size and longevity of companies, with special emphasis on differences between family and non-family owned businesses, and the results revealed that family businesses are neither small nor young. These family businesses are not only the majority of businesses, but they are often industry leaders. Most family owned businesses have a long history which implies quality that can stand the test of time.

Tàpies investigates the key to the success of family owned businesses. Comparing his data with that of similar studies from different countries showed that family businesses, more than others, tend to place greater importance on certain values. Stability, experience, quality, cohesion, unity, relationships, values, beliefs, brand value, institutional pride, and many other factors influence the success of family owned businesses. Tàpies shows that as companies' age, a greater proportion of them are family owned. What this means is that family owned businesses tend to last longer than other private firms? This trend becomes more pronounced as time continues.

A key factor identified in the success of family run enterprises is that these companies that exhibit longevity tend to have strong capacities to analyze, act, and reflect on their business dynamic. Family owned businesses are long-term planners who anticipate how their strengths and weaknesses will affect them. Furthermore, they are able to use their strong control over company policies to act quickly when the need to do so has been identified. Perhaps more importantly than these two, family owned businesses tend to reflect and adjust their mission, vision, and values as necessary.

3. Results and Discussion

For the purposes of this paper, specially designed survey was conducted in order to get answers of the previously elaborated questions. The questionnaire was distributed to 49 responders, micro, small and medium family-owned domestic companies, from the area of Skopje. The questionnaire was sent to randomly selected companies, and the survey was conducted electronically, using Google forms web service. The following findings were derived from 21 respondents, or forty-three percent (43%) of the companies from the sample.

When asked whether the company has a written strategic plan, eighty one percent (81%) answered yes. This suggests that most of the family-owned businesses in Macedonia understand well the importance of strategic planning process. Sixty-two percent (62%) of family owned businesses do not develop family goals prior to developing business goals. Nineteen percent, (19%) of businesses, however, do develop family goals first. It is important that the family can draw a boundary between family goals and business goals, however difficult that may prove. Research has shown also that it is important for employees in small family businesses to feel the values, the culture, the goals set by the family in order to feel like they are a part of a team. This bonds employees and owners and sets them on a common path. Differentiating between home and business goals, however, could prove most important for the survival of a company. If the goals get too personal, it could mean the demise of the family business.

Forty three percent (43%) of family businesses do not use outside facilitators to help structure and lead the planning process. 38% do use an outside facilitator. This could mean either that companies hire their own professionals to help structure and lead the planning process, not needing outside help in the process, or that they manage with the already existing staff. In either case, it is encouraging to see that thirty eight percent (38%) of small family owned businesses seek help in the structuring and leading of the planning process, proving its importance once again. In an impressive 76% of cases, senior managers and staff together developed company goals and action plans. The involvement of staff in the planning process is crucial for a company. This ensures that everyone in the company feels included, they are all working towards developing and executing a common goal. Employee satisfaction is reflected in the outcome that makes a business gain a sustainable competitive advantage.

Fifty-seven percent (57%) of family owned businesses have developed a mission and vision statements, while 24% have not. Having a clear mission and vision statements is very important for a company, not only for the employees, but for the customers. A mission and vision statements reveal what the company is and what it is striving to become. Without a clear mission and vision statements, a company cannot function as a unity, especially a small family owned business. Given that 57% of the companies involved in this survey have a mission and vision statements, the results are acceptable.

Another important question was whether a full calendar of the planning process and the roles of all involved stakeholders was developed and published. In fifty seven percent (57%) of cases, the answer to this question was yes. This is a great way to communicate and keep everyone involved in the loop of the entire process. Transparency is key in keeping the business alive. When asked whether the firm is successful because of the fact that it is a family business, 33% participants of the survey agrees, 38% were neutral,19& disagreed and 9% strongly disagreed.

Given that many large, old, successful businesses with sustainable competitive advantage all over the world are family owned businesses, it is hard not to draw a parallel between family ownership and success of the company. What family owned business offer is a sense of belonging in a culture with shared values and beliefs, which cannot be the case for large corporations. The personal touch is lost along the way. This could be a reason why family owned businesses have had much success in the past. Employees that are not members of the family must be well integrated and they must feel as they are part of the business. The results from the survey on the question how far employees who are not actually members of the family are well integrated and feel like they are part of the business are favorable, since 81% of employees were positive on this issue.

Trust is also high between employees in family businesses in Macedonia. Forty-three percent (43%) agreed that trust is very high, 33% have stated that is high,, 14% disagreed and 9% strongly disagreed. Trust is an important variable, and this question should be examined further to see why some employees believe that there is no trust internally and how they think this problem can be fixed. Family members are treated the same and have the same privileges as other employees. This further proves the point that in a family owned business, all employees are a part of a big family, and they do not feel excluded.

Finally, 85% of the responders have agreed fully with the statement that "strategic planning is most crucial success factor for growth". In view of the results of this research, it can be established that family businesses in Macedonia perceive that the deployment and enhancement of strategic thinking and planning capabilities will lead to better performance.

4. Conclusions

Based on the results offered in this research, it can be indicated an appropriate level for strategic thinking and its effect on the performance of Macedonian family businesses has been approved. Therefore, we can conclude that strategic thinking must be employed to improve the performance of an organization. Moreover, it is observed that aside the improvement in strategic thinking capabilities, engagement in strategic planning also draws positive outcomes to family firms. Indeed, the findings of this work show that though the applicability of strategic planning is not widespread at the highest level among family businesses; albeit, the better integration of strategic planning within the core activities and among all stakeholders is possible and family firms who pursue it can expect further enhancement in the level of performance.

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