Romanian family business branding: contextual factors of influence of decisional processes

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Abstract. Despite the difficulties of the economic environment and the challenges encountered, family businesses in Romania are drivers of economic growth. The tumultuous history and the cultural differences have impacted the way businesses are conducted and how decisions are made, especially in family-run companies, influencing how the family aspect is being portrayed and turned into a competitive advantage. The purpose of this paper is to determine how these contextual factors are influencing the promotion of the family aspect in the family business brand. The methodology of this paper is the exploratory qualitative interview-based study. Empirical data has been collected by way of in-depth semi-structured interviews with eleven Romanian family business owners or managers selected through non-probability purposive sampling, further analysed using content analysis technique. Results suggest that Romania's cultural background directly affects family businesses and the way they promote their family image, identity and reputation. Although this has a positive effect, few Romanian family businesses are active and promote themselves on the marketplace as a family business. Romanian families have a high degree of autonomy and accountability in relation to local communities which can help or impede the development of a family brand because both families and communities require transparency and there is a high degree of uncertainty which can impact both the business and the family owners. The reference to current literature primarily relates to the position of the family in the business but most notably to branding. The role of family members is drawn to limit actions in certain aspects of promotion and branding, as a direct result of high-conservative views.

Keywords: family business, brand, Romania, image, identity, reputation.

Introduction
The family business is an important segment of any country’s economy, being an integral part of the development of the market (Sharma, Chrisman & Chua, 1997). The family businesses are drivers of economic performance, by having a sustainable and long-term focus, increasing the living standard of the population and bringing economic stability in the market (Chua, Chrisman & Sharma, 1999). Moreover, their ability to adapt to change and create a competitive advantage represents a challenge for studying and analysing their behaviour. Family businesses are being highly influenced by the cultural aspects, economic environment and the national context are part of, since the family is an integral part of the company, their individualities being transferred to the company (Fletcher, Melin&Gimeno, 2012). This leads to differences between family businesses in diverse countries and regions. For instance, Bird and colleagues (2002) and Pistruiand colleagues (1997) noted that family firms from post-communist Romania and East Germany are motivated by the social status, increased security and prestige of the family itself, while the Asian ones, for instance Chinese and Japanese, are driven by personal challenges, financial motives and lifestyle. The culture and the political economy are shaping the entrepreneurial motivations of families, giving them unique sets attributes.

Family companies, in the process of creating a sustainable competitive advantage, have the opportunity to leverage on the family nature of the firm, a valuable distinctive resource. In Romania’s hypercompetitive business environment, where stakeholders are facing endless
alternatives and information streams, brands are important means of differentiation (Keller, 2008). Taking into consideration the specific context of Romanian family businesses and the knowledge gap surrounding the family business branding it is difficult for families to create and develop a brand based on their main competitive advantage, while lacking knowledge about the benefits and values it may bring. Compared to the current research, which is based on family firms from Anglo and North American contexts, Romanian family companies differ in aspects such as age, historical development, culture and resources, making those conclusions not entirely applicable (Pistrui et al., 1997).

The family business branding has become one of the main competitive advantage on global markets as the perception of family businesses have shifted towards a better one during the past decade, nevertheless Romanian family companies are still uncertain with their promotion (BinzAstrachan&Botero, 2018). It is important to understand the reasoning behind family businesses’ choice to endorse the family nature of the company in their brand management processes, while taking into consideration the contextual factors influencing their decisions, since family businesses who grew in a certain national context adopt specific philosophies and properties as they develop (Gupta &Levenburg, 2012). These consequential insights may benefit companies from similar backgrounds, acting in emerging economies, to better understand their branding process and the contextual factors influencing it, leading to an improvement in their decision-making processes regarding branding. Furthermore, the generated empirical data may lead to a better grasp of the specific motives driving the family businesses’ decisions of engaging in family business branding by other researchers in the field.

The aim if this paper is to shed a light on the boundaries and contingencies Romanian family firms are encountering in their family business branding through an encompassing framework that will capture a holistic view of the process. In order to better understand the concept of family business branding, this has been analysed through three conceptualisations which are, up to a certain extent, intercorrelated, namely the family business identity, image and reputation (Astrachan et al., 2018). Therefore, the conjecture that family companies differ according to their motivations and goals for the business correlated with contextual factors, which ultimately influence the strategic business decisions regarding branding has been taken. The presumption that the three factors constituting the family business brand play a pivotal role in explaining a family firm’s willingness to engage in family business branding, which may represent drivers of heterogeneity. Henceforth, the following research question arise: ‘How is the family firm’s willingness to engage in family business branding influenced by the family business identity, image and reputation in the context of Romania?’.

Literature review

Family business

It is important to establish what is implied by referring to a company as a family business. Several scholars have identified family firms in a variety of ways (Sharma et al., 1997). Although there is still no broadly accepted, succinct and quantifiable definition of family, family involvement in ownership and management makes family firms distinguish from others (Chua, et al., 1999). Chrisman, Chua, and Sharma (2005) proposed two approaches, a component-of-involvement view and an essence one, in the process of defining family firms. Essence view is based on the belief that the company is perceived to be a family business only if the presence of the family is associated with activities that build up distinctiveness, whereas the component-of-
involvement method suggests that the presence of the family itself is adequate to classify the company as a family firm (Chrisman et al., 2005).

Family businesses are distinguished by a mixture of the different social capitals of the family and the company (Fletcher et al., 2012). When properly managed, the individual qualities of family businesses can have a positive impact on business performance and reduce the rate of failure (Galluci, Santulli & Calabro, 2015), because the intellectual capital is supported by a more efficient knowledge dynamics (Bratianu, 2018; Bratianu & Bejinaru, 2019; Bratianu & Bejinaru, 2020). The benefits of long-term vision, ownership and governance emphasis, common goal, engagement, transgenerational entrepreneurialism and continuity of leadership may prove to be crucial in building a family business brand (RW Hiebl, 2014). The goal for family business owners and members is to recognize principles and attributes that add value to the receiver of the brand message, rendering the family business brand a possible source of sustainable competitive advantage (Blombäck & Botero, 2013).

**Romanian context**

Romania had undergone a transition from a central planning system towards a market economy, process which led to several failures caused by many institutional vacuums in their attempt to restructure state-owned companies (Ibrahim & Galt, 2002). This transitioning economy opened up new opportunities for family businesses to leverage on, resulted from the liberation from the burdens international trade and foreign investments had encountered. Formal institutions in Romania were generally ineffective in the first gradual institutional transition, which took place between 1990 and 1996, that led to the creation of rigid to the overall change informal institutions (Ibrahim & Galt, 2002). Given the high level of interdependence between family and company regarding family businesses, scholars are becoming increasingly aware of the importance of national culture and ethnicity in understanding family business strategic decision-making processes (Pistrui et al., 1997). Also, an important role plays universities in business education (Bratianu et al., 2020).

After 1989, Romania had emerged from communism and collectivism as a nation with high levels of uncertainty, social mistrust and economic hardship (Pistrui et al., 1997). Even though Europe economy has been flourishing for the past period, Romania is struggling to evolve to a more modern society, overcoming the years of social and economic mismanagement (Pistrui et al., 1997). The cultural tradition that emphasizes the group over the person remained strongly valenced on society during the transition to capitalism (Pistrui et al., 1997). The family is considered the only remaining integral and functional social institution to have survived the communist era (Pistrui et al., 1997).

**Family business branding**

The lack of an all-encompassing definitions of a family business and, at the same time, a family business brand proves to be a major challenge to the advancement of the field, leading to distinctive understanding and also, in the case of a family business brand, concerns about operationalization and measurement, raising the difficulty of combining research results and developing further the literature (Astrachan et al., 2018). The definitions of the image, identity and reputation of the family business brand are seen in the literature as identical and sometimes used synonymously, which contributed to an acquired misunderstanding between scholars and practitioners while analysing these elements (Craig, Dibrell & Davis, 2008). Based on these
three distinct conceptualizations, the family business branding has been defined as “the formal and informal communication (image) of the family element of firm essence (identity), which includes the family’s involvement in a firm, and which lead to associations and expectations in the mind of stakeholders (reputation) that help differentiate these firms from others in the marketplace and other venues” (Astrachan et al., 2018, p. 4).

**Family business identity**
The identity view of the family business brand emphasizes what family business owners and managers accept as being valid about their business, incorporating the qualities they see as distinguishing factors of their business (Craig et al., 2008). Through the unique set of values, beliefs and practices the organisational identity make stakeholders perceive differently businesses. This form of analysis applies specifically to family businesses, since they can establish unique identities not only by combining the family and business contexts, as well as by varying degrees of impact and contribution of family tasks (Sundaramurthy & Kreiner, 2008).

The assimilation of the diverse beliefs that come from the family and the company, which are regularly linked to their common history, would thus explain how distinctive the organizational identity is. Creating a family-based brand identity has shown a positive contribution to growth and competitiveness through its effect on customer-focused activities (Craig et al., 2008). From different perspectives within academic literature, a strong family business identity can be established when family members develop a strong sense of belonging to the family company, this feeling being often linked to self-respect and self-esteem of family members, and the perception that the family firm represents an extension of themselves (Dyer & Whetten, 2006).

**Family business image**
The second conceptualisation of the family business brand is the image that refers to whether and how businessmen present the family concept of their enterprise to stakeholders inside and outside the organization (Botero et al., 2013). This incorporates the depiction of the family aspect of the company through how the family is being portrayed, promoted and highlighted in the communicated messages. Be that as it may, this viewpoint on brand revolves around what senders are doing to manage and grow their brand's message. Family members have a substantial impact on the identity and, ultimately, on the reputation of a family business (Zellweger, Eddelston & Kellrmanns, 2010). Clear association of family members with the business helps to create a distinctive picture of a family company that can provide a competitive advantage over time and thus improve firm success and customers loyalty (Memili et al., 2010).

Family businesses that are conservative and tend for long-term investment plans can choose to create a stable company image in order to express their strong family roots and traditional values (Deephouse & Jaskiewicz, 2013). This is probably one of the reasons why family businesses are so often viewed as reliable (Craig et al., 2008; Levenburg, 2006). In fact, the academic literature suggests that long-term orientation would specifically affect the performance of family firms, thus influencing the identity and therefore the image of family firms (Craig et al., 2008; Zellweger et al., 2010).

**Family business reputation**
The prestige of the family business name reflects one of the type perceptions that consumers see as defining variables for family businesses on the market and various other settings (BinzAstrachan et al., 2013; Blombäck&Botero, 2013). The idea that consumers can identify different meanings from messages conveyed by the family and from upholding the family involvement can be a gateway to a clear interpretation of the family business brand (Lude&Prügl, 2016). Different stakeholders pick, organize and view the promotion of family ownership, contributing to the creation of a distinct family business reputation (Kahlert, Botero&Prügl, 2017). The customer focus and the environmental and social commitment of family businesses is being recognized by consumers as preferable and superior to non-family corporations, increasing their reputation (Kahlert et al., 2017). In turn, consumers equate emotional values, such as trustworthiness and reliability with family-owned companies, preferring their goods and services (BinzAstrachan et al., 2013).

Family business reputation reflects the overall perception of the enterprise and depiction of family ownership by various stakeholders of a family firm (BinzAstrachan et al., 2013). Such views are affected by a variety of factors, including media and competition, and could not be controlled entirely by the company (BinzAstrachan et al., 2013). Promoting the image of a family brand fosters a customer-centric mentality and correlates favorably with the credibility and performance of the company (Craig et al., 2008). It indicates that people equate different qualities with non-family and family-owned businesses, most of which find the reality that a corporation who is family-run to be relevant well into the attractiveness to potential job applicants.

Methodology
As a starting point, a literature review has been completed using both a systematic review and snowball method in order to gain a good understanding of family business, family business brand structural philosophy and meaning, and to further explore the current gap in literature (Easterby-Smith, Thorpe & Jackson, 2015). This paper recognizes that truth is socially constructed, thereby aligning itself with the social building paradigm and the assumption that our evidence originated from the social interaction between the family business owners or managers encountered and the researcher (Easterby-Smith et al., 2015). By having as few assumptions as possible before the analysis undergoes, the inductive approach helps in the process of knowledge elaboration through interpreting the finding generated from former experiences. As the relativism is the adopted ontological research philosophy in conducting this paper, with the epistemological position of social constructionism, it strives to understand the social roles of humans and their behaviour in a certain context (Saunders, Lewis & Thornhill, 2009). When studying family businesses, the interpretative approach is highly relevant, providing a broader picture of the problem from multiple perspectives, beginning from a general view leading to new themes being discovered.

This paper seeks to understand the rationale behind the choice of Romanian family businesses to endorse their family brand as it is still an unexplored area of research. In order to provide a better understanding of the subject, the exploratory research design will be used (Saunders et al. 2009). In addition, this work would strive to clarify how the components of the family business brand interact in a restricted context and which are their influential factors. Taking into consideration the lack of prior research on the subject and in order to generate a comprehensive understanding and a foundation for more extensive future research, it is appropriate to carry out exploratory qualitative research. Although quantitative research
is conducted to identify and demonstrate the connection between variables based on formulated hypotheses, qualitative research seeks to uncover correlations in the relationship that are not known before the research is conducted (Saunders et al., 2009). Consequently, a qualitative research supported better the purpose of this paper.

Therefore, the methodology in this article is an exploratory qualitative interview-based study. It further encompasses the use of several sources of evidence in the analysis of current events, involving primary data obtained from interviews and secondary data collected from public reports and companies’ online presence, ensuring the quality of data through triangulation (Saunders et al. 2009). This had further helped in the assessment of the degree of family involvement in branding process, being correlated with the primary data collected as in to increase the reliability of interviews and reduce the risk of bias through misinterpreting the empirical data (Malhotra & Wills, 2012). The key reason for supporting this strategy is that this will allow the researcher to further uncover and investigate anomalies as research continues. Therefore, the phenomenon cannot be observed outside the context in which it naturally occurs (Saunders et al., 2009), in line with the option of researching the Romanian environment. The sampling method introduced in this study will be non-probabilistic in the sense of a purposive sampling(Saunders et al., 2009). In order to answer the research questions in this study, the analytical findings are based on data collected from in-depth semi-structured interviews with eleven owning family members of family business from Romania. The businesses selected are from different industries, with different sizes and of different generations, as the emphasis has been on their family business brand. To be able to measure multiple factors simultaneous and determine their relationships a cross-sectional study has been conducted. The timespan of interviews has been an average of fifty minutes, compiling almost ten hours of interviews by the end. The interviewers hold different positions in the companies, mostly chief executives or department managers, two being non-family members the others part of the owning family.

The technique further used to assess the data, namely the qualitative content analysis, is a broadly used system and in line with the methodological choice (Malhotra & Wills, 2012). The analysis process of the empirical data is highly important in providing relevant and accurate results. Therefore, via various processes, such as implementing the trustworthiness criteria (Lincoln& Guba, 1985), triangulation of data and ethical principles (Bell & Bryman, 2007) several to restrict the shortcomings of in-depth semi-structured interviews the Hawthorne effect, ethical issues, error-prone have been delineated.

**Results and discussions**

Managers responded that they don’t endorse themselves in their logo or communicated messages as a family company since the customers are already aware of this mainly due to the world of mouth. They claimed that the fear of overexposure and scrutiny is impeding them to brand their companies accordingly. The owners argued that despite being highly involved in the company, they tend to separate their family, growing the businesses reputation through the quality of its products and services, without branding a personal level, keeping the family private.

Dyer & Whetten (2006) suggest that family members with a powerful corporate affiliation, where their personal identity is converging with the business’s identity, appear to be committed to the firm and develop a common responsibility for the family members, in order to see the enterprise prosper. Empirical data present that, in Romanian families, their social bond is strong and influences how they portray their enterprise’s image to the community, in order to
form their outward appearance and establish their reputation. During the communist era, where people lived together within standardised houses and apartments, the cultural norm that emphasises the group's significance over the person was created, the family becoming an environment that unified and increased the confidence of the group. According to empirical data, Romanian families are aware of their values and how these are transferred to the company and understand the importance of their beliefs, without being reported and fully endorsed. Amongst family businesses, the strong pride, originates from the transitional period, altogether with their ideas on how to cope with such a difficult time and also to become profitable.

Businesses promoting their family's business brand to stakeholders provide considerable performance gains according to the Memili and her colleagues (2010). Although Romanian family firm's logos, names and other communicated messages do not portray their families, most of the time, businesses uphold the ideals of integrity, honesty and respect that are typical of family businesses. Family members associate themselves with the family business through their strong sense of belonging to the family firm, sharing a similar background and a family name, upholding the principles and goals of the family firm, hence creating a family business image that is well-defined, yet without wanting to promote their families or represent it in their brand, because they fearing the consequences of social undermining and economic impact over the business. Managers and family business owners claim that their companies have a specific brand image that is characterised by different and enduring principles. The interviewed people indicated that they are doing everything they can in order to maintain their workforce, suggesting they feel responsible to reduce the rate of unemployment in the places they operate in. Most of the organisations mentioned as their primary distinction the closeness of family businesses to the consumer, being more intimate than to non-private businesses. Nonetheless, one of the organisations claimed that by emphasising their family aspect, they described their firm as being more genuine, with a face and a soul, especially when it comes to conveying their business principles.

According to Dyer and Whetten (2006), the image of the company reflects the first perception stakeholders receive from the family business. However, by scrutinising the secondary data collected on the businesses, to some extent, business owners are more likely to take greater care of the image of the family business than to assign it to someone with more experience. Empirical findings also suggest that due to their level of participation and association with the company, family owners either prefer to heavily advertise their family business image or tend to keep a very low profile, avoiding public criticism that may also be aimed against their business and family. The interviewed people are not always considering the benefits of developing their family business image and are currently content with a minimal effort, as they are unaware of the competitive advantages that the image of their organisation could offer.

The family's main focus while improving their image is on customers and employees, as they are the company's main beneficiaries of the transmitted messages. The organisations are putting a lot of effort into meeting the expectations of customers or, if there is a building up of negative reputation that question their perceptions, moving them to a constructive one. Romanian businesses are choosing not to represent their families in their advertisements and products, primarily because of the high level of uncertainty and inability to control views of individuals and the idea that the credibility of the family business is related directly to the image of the family itself, impacting both sides.
The key factor that impacts the relation between the family business image and branding are the communication channels used in transmitting their messages. Companies are focusing more on traditional methods, while those who are shifting towards modern ones are not seeking for professional help and misuse channels. Furthermore, regarding family business identity, the role of the family in the company is not properly defined. Having a high degree of rigidity and being very conservative, the family members are not open to portray themselves in the family business brand. In fact, it has also been found that family business owners are largely unaware of the advantages that those branding processes may offer. The reluctance to promote the company as a family firm is caused by the fear of defamation by exposing the family, leading to both community scrutiny and financial difficulties.

**Conclusion**

Romania's family firms play a key role in the society, being the main employers and investors and thus bear a social burden that impedes the promotion of a family firm as a result of increased exposure and public scrutiny. The level of education, experience, and long-term outlook of business owners may also constitute other contingent factors. Such causes can easily be related to the weakness in the understanding of all the advantages of branding as a family business and the degree to which they define and promote themselves as such. The degree of rigidity of Romanian family businesses and the conservative approach to branding as family businesses have produced a comparatively hermetic business environment rather than a more competitive one. Managers should in turn become more conscious of their precautionary behaviours and try to be confident about the effect of family-branding.

**References**


