# Chapter 16
# First–Time Leaders and the Role of Organizational Culture in Family Businesses

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## ABSTRACT

*The recent decades have witnessed a rapid evolution in the study of family businesses; however, despite their unprecedented importance, the information on family businesses remains fragmented and hard to compare. The uniqueness of family business lies in its structure – it is made up of two connected and interdependent components: family and business. Hence, it is logical to assume that every family business will reflect the family that is behind it. Yet, the characterization of these family values have been the missing component in our understanding of family business. The main aims of the research were (1) to provide understanding of the demographic and leadership characteristics of first time leaders, (2) provide a link between the first time leadership characters and organizational culture (as perceived by the employees), and (3) consequently, their alignment. The research was implemented on nine first time leaders and 837 employees from nine that operate in four industries. The chapter conjectures about the potential role of gender and age in leadership style across industries.*

## INTRODUCTION

Family businesses represent a significant proportion of the global business structures, generating jobs, providing significant revenue for a country's economies and improved social and individual wellbeing. The recent decades have witnessed a rapid evolvement in the study of family businesses, however despite their unprecedented importance the information on family businesses remains fragmented hard to compare. The uniqueness of family business lies in its structure - it is made up of two connected and interdependent components: family and business (Miller, Fitzgerald, Winter, & Paul, 1999). Hence, it is logical to assume that every family business will reflect the family that is being it. Yet, the characterization of these family values have been the missing component in our understanding of family business(Michael-Tsabari and Lavee, no date; Dyer, 2003).

In many cases the leadership in family owned businesses is successive and the successor is chosen from within the family. Unfortunately, in many cases these successions fail due to certain preferences and ideals for the person that will inherit the family business (i.e. males are preferred over females in a strong majority of the cases). However, the problematic situation arises as today only few of the new family offspring's are willing to undertake the leadership position (Zellweger, 2017). Additionally, the peak wealth transfer to younger generations is expected to occur over the next 20 to 30 years in Western Europe and the United States with between 50% and 80% of family business owners intending to retire in the next decade (Gagné et al., 2019). The reality tells us that not all of the family business can afford to wait for the willing successor to gain leadership experience and undertake the leading position in the family business. In fact, the majority of them will be first time leaders. Since the literature does not contain any data on the leadership experience of family business leaders, this research sought to contribute to increasing understanding on this issue. It was implemented among nine first time leaders coming from nine companies that operate in four industries and manage over 800 employees. The aims were (1) to provide understanding of the demographic and leadership characteristics of first time leaders, (2) provide a link between the first time leadership characters and organizational culture (as perceived by the employees) and (3) consequently their alignment. The chapter also draws conjectures about the potential role of gender and age in leadership style across industries. Although tentative, the provided findings may assist managers in successfully structuring their intergenerational succession.

## Does Leadership Run In The Blood?

In 1875 in Lyon, France, the young businessman named Pierre Babolat, was heading a successful company for making natural gut strings for musical instruments. The same year he was approached by Major Walter Clopton Wingfield with an interesting proposal. The Major Walter Clopton Wingfield had established the rules for a new game called "sphairistike" (a Greek word meaning "ball game") in 1873 and patented the game in 1874. He needed a source of string for the wooden racquets used to strike the ball and proposed to Babolat that his craftsmen used the locally sourced sheep gut and created strings for the rackets. They started collaboration and the paths of Babolat and tennis became intertwined forever. Babolat switched over from manufacturing strings for musical instruments to manufacture its natural gut tennis strings at their factory in Lyon, France which is still in function today. They became widely known with the two stripes and slogan "Tennis is in our blood".

The family owned company was successfully inherited and led for more than 100 years by the Babolat family until in 1998 an unexpected tragedy struck. In September of that year, Pierre, a fourth generation

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