

# External Family Social Capital

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This presentation  
will answer the  
following  
questions...

Why I did the  
research?

What method I  
used?

What the  
research found  
out?

Why is this  
useful?

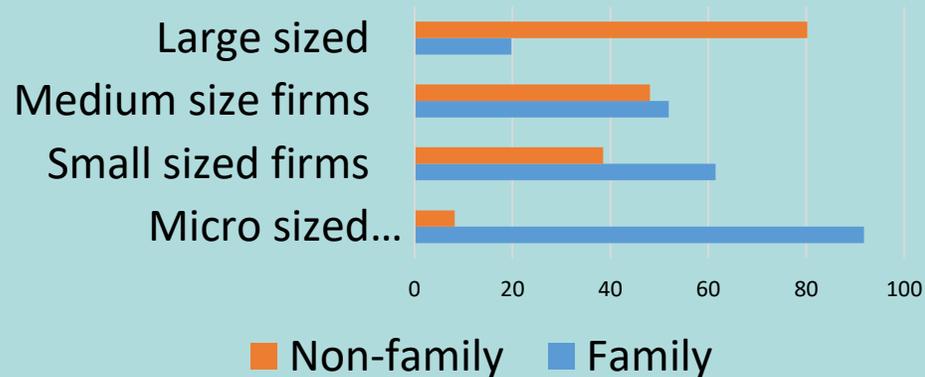
# Why research family business?

CABS claim the aim of business research is to support UK Government in several initiatives (1).

One initiative is to identify processes that support innovation i.e. potential opportunities.

Another initiative is to identify the different learning, skill, and education needs for development.

Proportion of Family and Non-family business in the UK



Large businesses have a significantly lower proportion of family firms. More research to understand UK SME family firms may help them develop into large businesses (2).

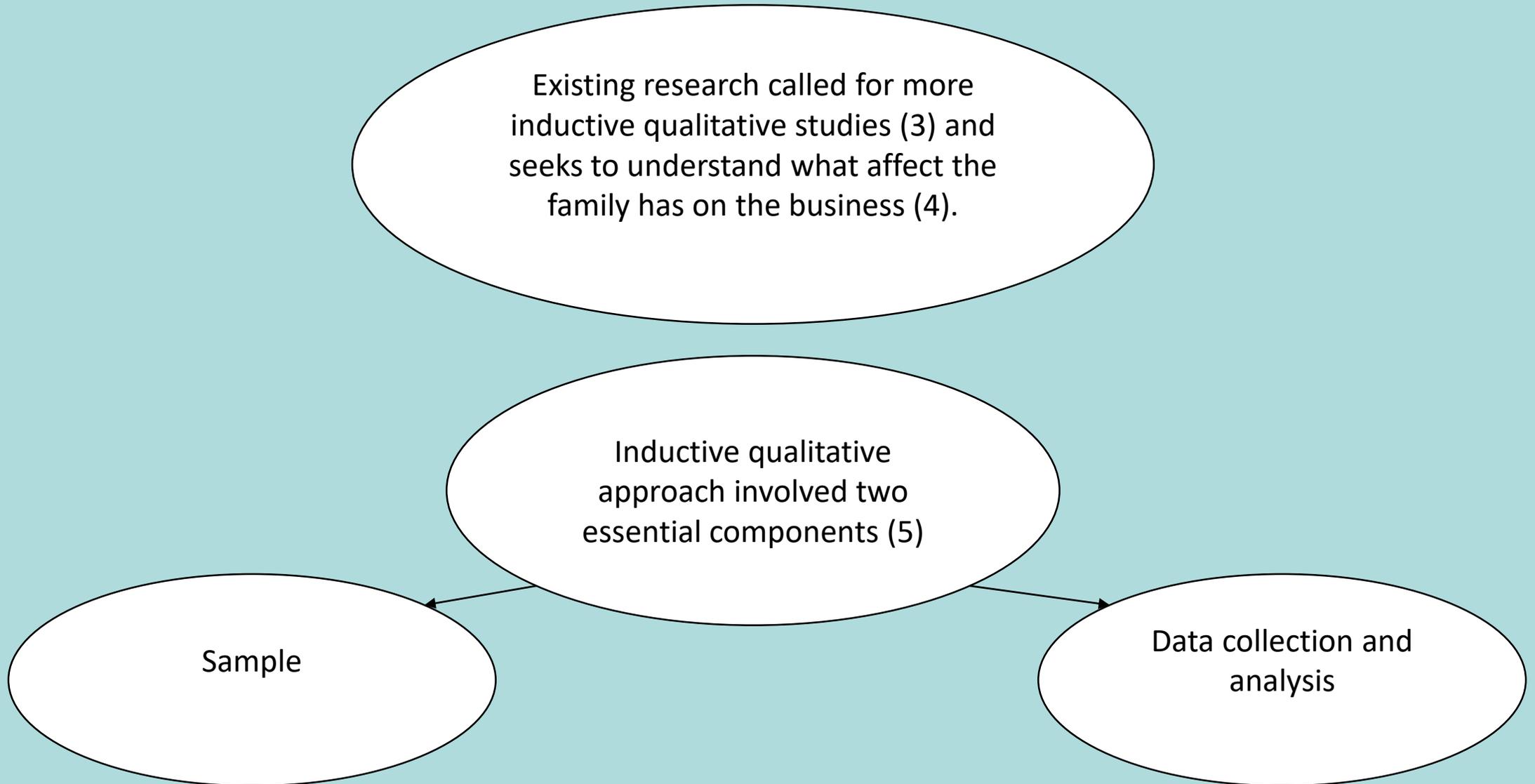
# Methodology

Existing research called for more inductive qualitative studies (3) and seeks to understand what affect the family has on the business (4).

Inductive qualitative approach involved two essential components (5)

Sample

Data collection and analysis



# Purposeful sample<sup>(6)</sup>



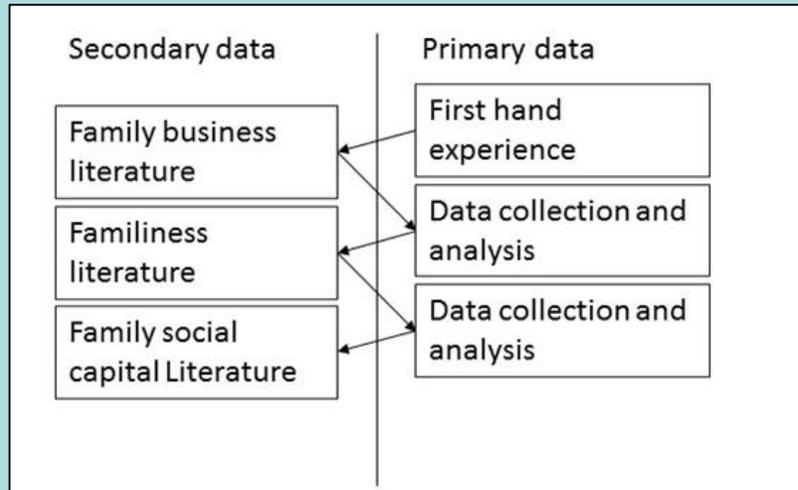
It involved travelling around rural areas in England.

SME agricultural family businesses given the proportion of family firms in this sector.

Multigenerational family business owners.



# Data collection and data analysis<sup>(5)</sup>



Characteristic	Average
Generation number	3.8
Number of family members	3.4
Number of employees	89

Iterative process of data collection, data analysis and the literature.

Interviews with the experts i.e. multigenerational family business owners.

The early interview analysis shaped the questions for the later interviews.



# Emerging from the data <sup>(5)</sup>



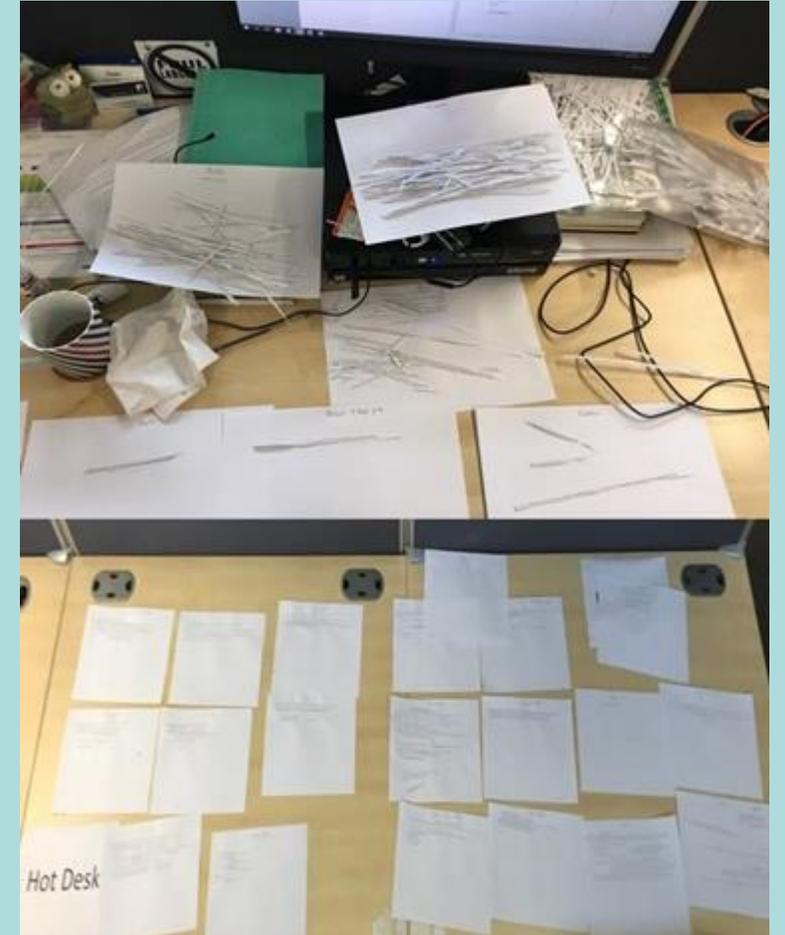
The concept of External family social capital

Literature

Multiple themes

Induce

The words of the multigenerational family business owners



# Findings

Data

Literature of external social capital

Customer relations

The relationships with customers.

How networks change over time.

Employee relations

The relationships with employees.

The importance of non-redundant information.

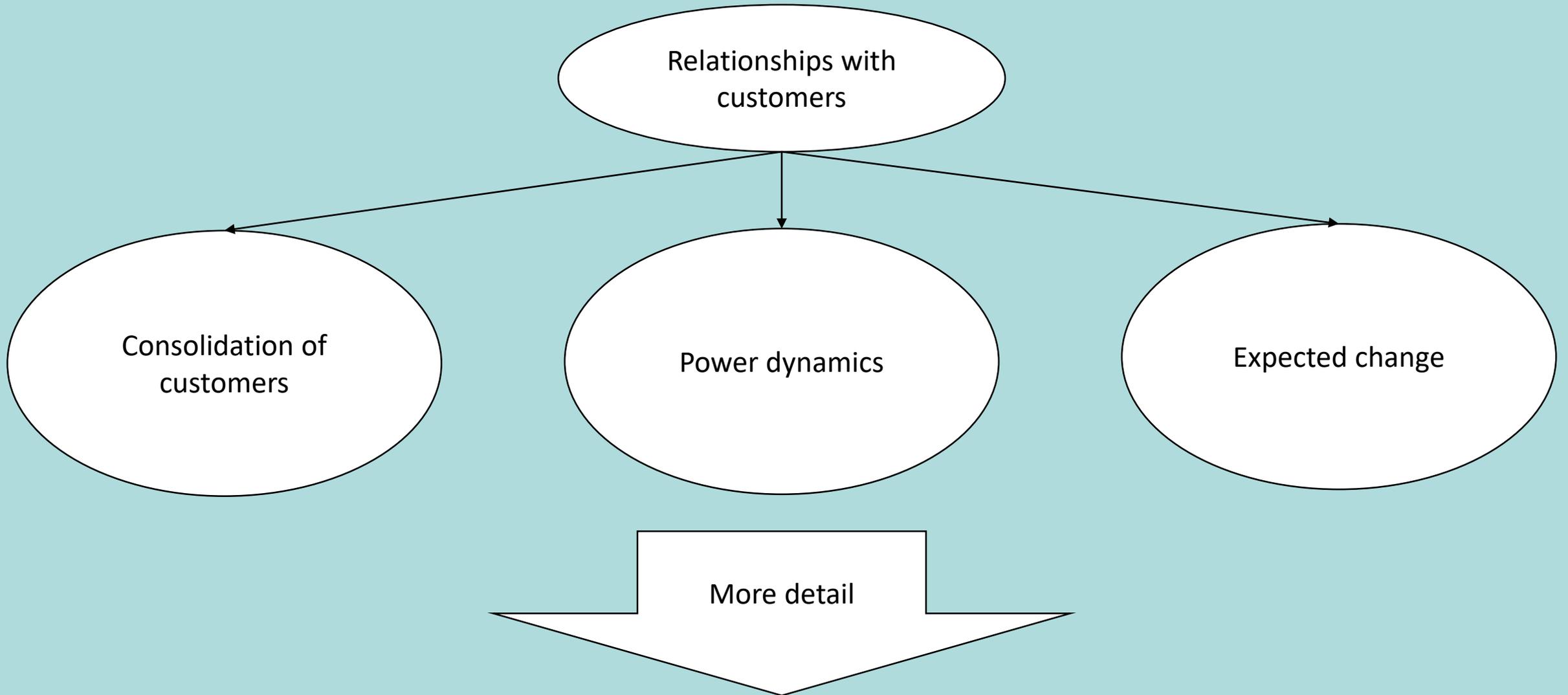
Outside experience

The next generation's experience outside of the business.

The opportunities that emerge from this.



# Customer relations



# Consolidation of customers

The number of customers in the market has decreased and this has led to less interaction with customers and associated parties. Quotes from the participants :

“...Sadly, the fact that there are not any livestock markets anymore, which was the farmers natural habitat meeting ground, they do not see anyone, maybe their next door neighbour farming, they will wave to each other on a tractor but they do not have a conversation, they would have done if they were at the market.”

“... [Discussing old routines] to get produce to the market when it was the horse and cart, we had to make sure the market was within reach”

“...The supermarkets had something like 30% of trade in the UK [during the 1980's, and the rest of it was via grocers or butchers... That equation has now changed to the fact that 90-odd% is controlled by four supermarkets, they are dictating the price so that kicks back down the chain, one effect is people are more efficient.”

“supermarkets pay and collect the beasts and slaughter them at their own slaughterhouses, so they have cut all the middlemen...”

# Power Dynamics

This is linked to reduce number of customers is the reconfigured power dynamics farmers face now compared to a generation or two ago. Quotes from participants:

'Supermarkets have so much power and the farmers are being left behind in some ways.'

'...I had over 300 customers and they started disappearing, disappearing and then suddenly one customer was 50% of the business, and you are at the beck and call of them all the time.'

'... [Explaining when supermarkets change the original agreement] you say yes and we re-schedule the deliveries, we have to start right back...'

'...Pe... advantage of the fact that... [work a high number of hours and B we do not have a great deal of knowledge sometimes of the market we are moving into.'

# Expected Change

Change in customer relations is anticipated to continue due to the influence of further change.

Quotes from participants:

'...Renewable energies, we have quite a big account with [electricity provider] a stable 20-year contract and because who knows where the consumption of meat will go over the next 20 years'

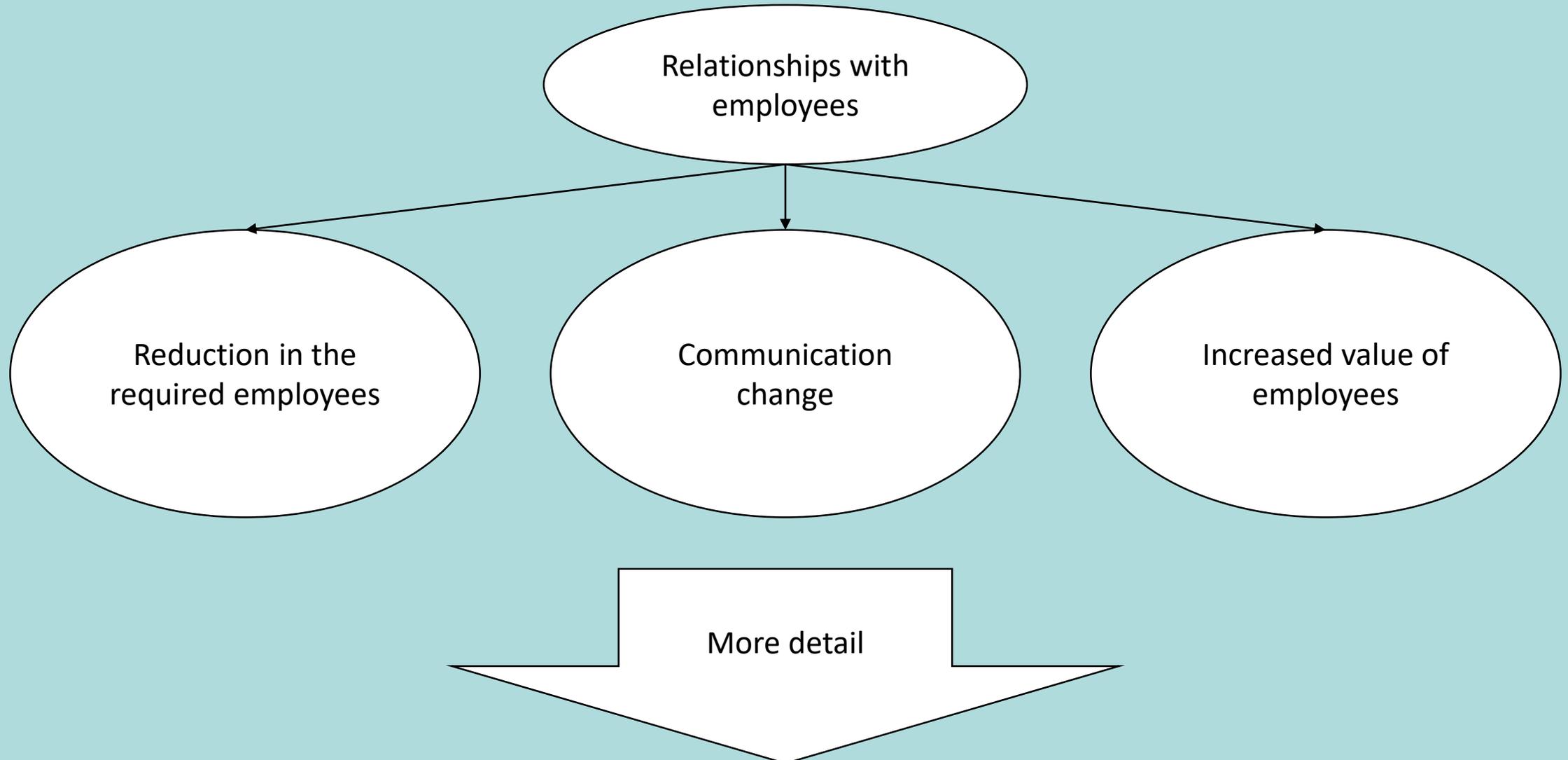
'The weather is changing, and the vines are growing [for wine] ...'

'...You see the supermarkets, and the wonky veg [explaining the need to be ethical].'

'...Well [online retailers] have freed all that up [power of supermarkets], you can now sell things online to whoever you want from wherever you like... The high street is no longer fit for purpose...'

'... [Discussing the direction of the business] look after the environment and deliver quality products for our customers...The emissions and how we are going to improve what we do'

# Employee relations



# Reduction in the required employees

Technological advancements have created machines that replace manual labour, that decrease the number of people required. Participant quotes:

"...A robot lifting kegs up for manual handling because of the weight restrictions"

"We have to take staff out and put more robots in."

"...We used to have a lot more people doing a lot of manual things around [product] making and now it is much more automated and production lines are faster."

"You want it to be tried and tested, you don't want to be the first person to buy a 3D TV you want to be the 3<sup>rd</sup> or 4<sup>th</sup> generation TV one that is tried and tested."

"...The type of automation we have had in the past has not changed; it is just bigger kit."

"...We are all sort of waiting for someone to bring to markets, a machine that enables the harvesting of the fruits ourselves, because we are still labour intensive."

# Communication change

The importance of information from devices, rather than employees, to identify losses and improve the business performance. As well as, the increasing importance of the business's historic data to identify trends. Quotes from participants:

"...Before if somebody was planting potatoes five miles away, the only way you could check was by going and seeing them, whereas now with the mobile phone you can ring them up, so long as you trust their judgement..."

"...I drove the combine with the men, whilst my son's skills are business management."

"...Reports are sent to your phone every five minutes, so when you are in the cattle shed you can see who has drunk in the last 20 minutes..."

"...The technology makes it really simple, for instance the cloud-based software we used for rostering staff... it rules out so many communication issues..."

# Increased value of employees

The employees that are involved in the business are valuable. Quotes from participants:

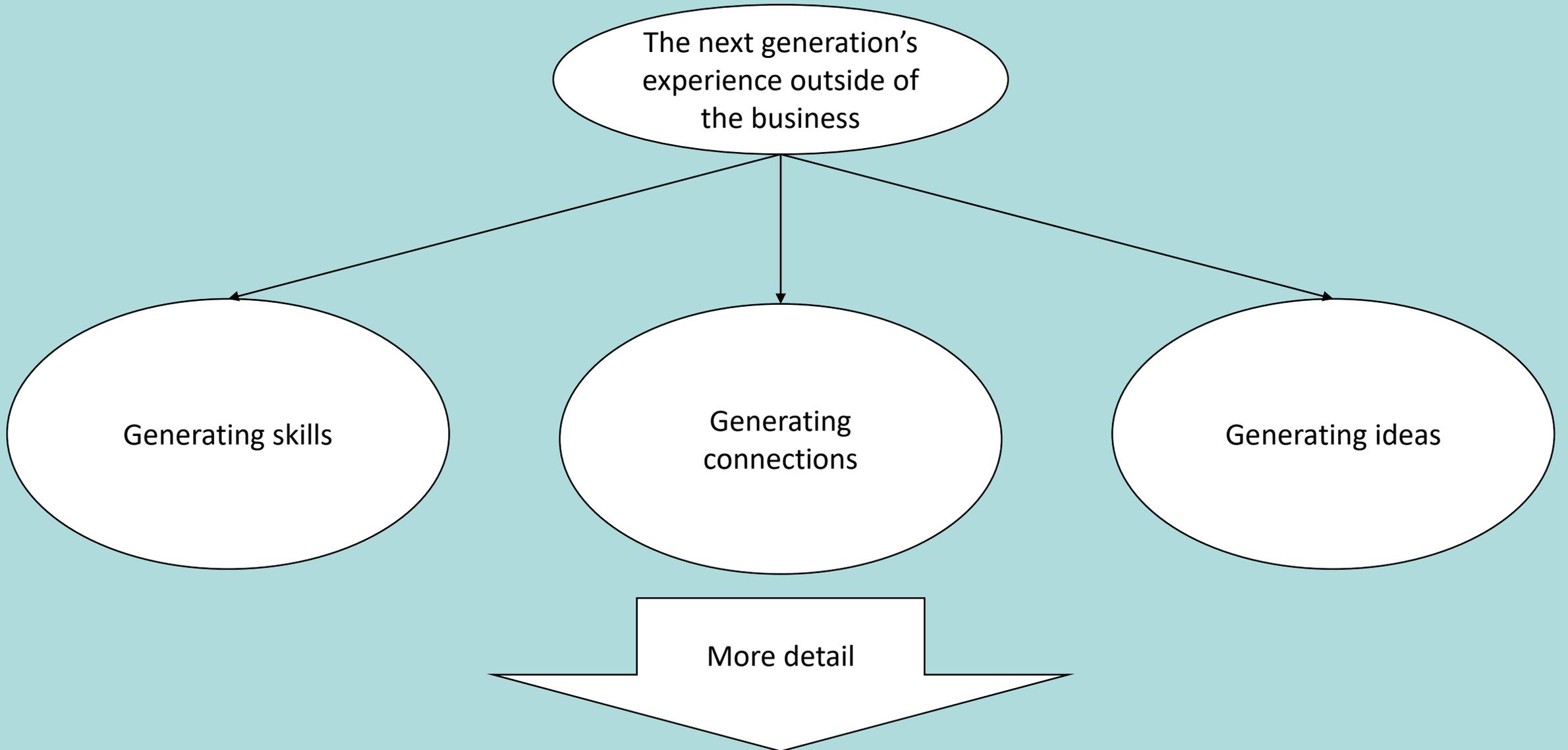
“...We must look after people, when we find the right employees, the current manager has been here for 15 years.”

“So, it’s making sure you have got the right people doing the right things.”

“Our current plant operations manager, who’s been here for 25 years, well 35, but working a production manager for 25, and there’s a wide range of staff who have been here for a long time, and we kind of have got that challenge of replacing those and over time.”

“...We cannot find anyone locally, so getting staff is a challenge.”

# Outside experience



# Generating connections

The outside experience provides potential new relationships outside of the business. Quotes from participants:

“...It is knowledge and favours, I knew [previous company] was exiting a certain amount of businesses...”

“My father started that in the war days, because he was told by the Ministry of Agriculture that he must plough his ground and plant onions for the nation. He did not want too but they insisted and now we grow 200 acres...”

“...I joined [representative body] to look at horticulture and the same with agriculture...”

“...This evening I am going to set up some tents for a charity event we are doing for the local community.”

# Generating skills

Skills generated outside of the business through outside experience are brought back into the business. Quotes from participants:

“...[Telling a story about when his sons attended a course to learn leadership skills] they say it is the best course they have ever been on, they began thinking things they had not thought of before... they still use that and it was 26 years ago now plus, they are on good terms with the people that were on the course.”

“I was a chartered surveyor in London for a mainstream company...”

“I was in finance for 10 years as a lawyer, I have passed my LPC...”

“...I was working for the national trust managing a team of 16 people and we worked on conservations for rare birds, wildlife, and buildings.... The grounding in conservation and experience of managing a team is what I needed to learn and ultimately that is what you always need to do in a business ...”

# Generating ideas

The outside experience can stimulate ideas to bring back into the business. Quotes from participants:

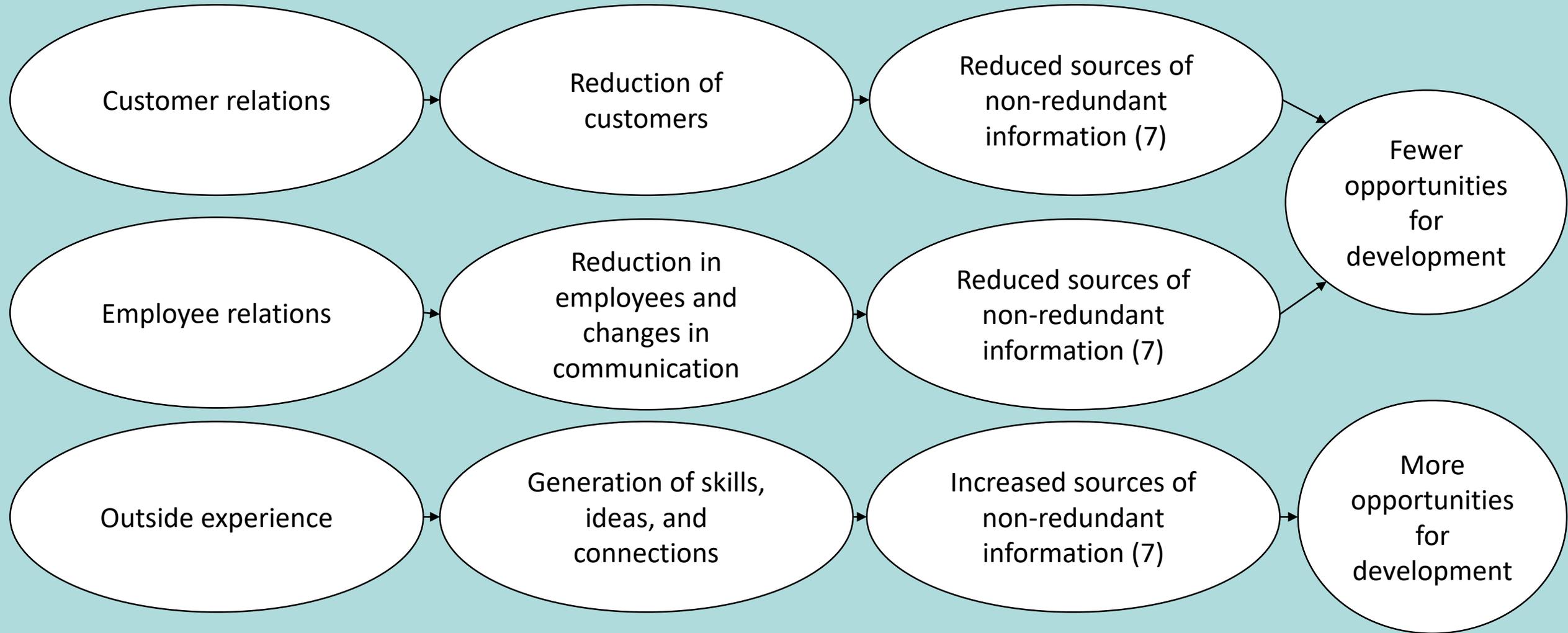
“... [Telling a story about his parents visiting him when working abroad] my parents came out to see me and a number of farm shops. From this, they started a farm shop in 2001 [as well as farming] ...”

“...My brother gained experience in a competitor’s business for three years before coming back to the business.”

“... [Discussing the benefits of outside experience for the next generation] nobody has got a monopoly on doing everything correctly, and certainly we do not have here, it important for them to get out and see how other people do it.”

“I learnt a lot from going away and seeing something different because if I would have stayed here and never gone outside, I would have struggled with generating ideas.”

# External family social capital



# Implications and thank you

The value of outside experience for the next generation for learning skills, developing, and identifying opportunities.

This research is a testament to change over the generations alongside changing learning, skill, and development needs.

This should be made explicit in family business theory and already has to some extent.

Supporting this process can be incentivised through policy to support the UK Government Initiatives.

Questions?

# References

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