The Structure of Family Ties within the Family Wine Trading Business in the Czech Republic

Purpose of the Work

The Structure of Family Ties within the Family Wine Business in the Czech Republic

Object and Subject of the Research

Object

family business as an economical phenomenon

Subject

specification of the family business and to an analyze family ties within the wine business in accordance with the law of the Czech Republic

Content

- Purpose of the work
- Object and subject of the research
- Methodology/methods of the research
- Scientific aim of the research
- Definition of family business in the Czech Republic
- Research results:
  - Types of family businesses in the Czech Republic
  - Family ties within the family wine businesses in the Czech Republic
- Literature
**METHODOLOGY/METHODS OF THE RESEARCH**

Scientific methods:
- Analysis
- Synthesis
- Analogy
- Comparison
- Generalizations
- Deduction
- Methods of expert estimates

**DEFINITION OF FAMILY BUSINESS IN THE CZECH REPUBLIC**

According to the Civil Code of the Czech Republic (Občanský zákoník České republiky), No. 89/2012, ..

"the family business is considered as an establishment, where the spouses, or at least one of them, are working together and where the other relatives up to the third degree or those related to husbands and connected via brothers-in-law up to the second stage are working, and where some of those people are the owners of such establishment".

**SCIENTIFIC AIM OF THE RESEARCH**

- Improvement the understanding of family business from the perspective of family ties faced by family wine business

"Family business is a company owned and controlled by the family or selected members thereof on the assumption that the company will be handed over to the next generation in future"
Family Ties within the Family Business Enterprises in the Czech Republic

1/ Husband versus wife;
2/ Mother or father, or both parents versus one or several children;
3/ Both parents or one of them versus a child or more children or, a relationship to grandparent(s).

Koráb, V: Research results, 2000 - 2001

Research Results: Types of Family Businesses in the Czech Republic

<table>
<thead>
<tr>
<th>Size of the Family Business</th>
<th>Long-Time</th>
<th>Short-Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small</td>
<td>Smaller restituted business-enterprises – smaller trades and crafts</td>
<td>New, small and medium sized enterprises established after 1989</td>
</tr>
<tr>
<td>Large</td>
<td>Large, respectively medium-sized business enterprises of the First Republic</td>
<td>New large companies founded/occurred after 1989</td>
</tr>
</tbody>
</table>

Family Ties

Ownership

Family

Company

As the wine family business is a bright representative of the oldest and traditional economic activities, it was decided to analyze the family ties of 108 representatives of the wine family business in the Czech Republic.

A representative interviewed among others has confirmed the existence of traditional wine trading family business saying that it is not only a mere marketing tool for the customer acquisition.
**DISCUSSION OF RESEARCH RESULTS**

- Most significant ties in wine family businesses: **Father + Son** and **Spouses** in comparison with Spouses and Mother or Father, or both Parents + one or several children in other business comparing previous research. It is very positive for future succession management.

- Non significant Grandfather + Son + Grandchild. It is negative for interpreneurship (entrepreneurship between generations).

**THE MAIN WEAKNESSES OF FAMILY BUSINESS**

- strong family ties;
- high potential for conflicts;
- reduced ability to respond to international opportunities;

**PROPOSAL FOR SOLUTION OF PROBLEMS**

To solve those problems and potential threats, it is purposeful to make the wine family businesses more professional by means of:

- high quality education for family members and the potential successors of business,
- quality implementation of strategic management and finding of the right balance between the tradition of family business and innovation

that is necessary for progressive development and competitiveness.
LITERATURE