The Family Meeting as a Mechanism of Family Governance: Review of the Experiences of Polish Family Companies

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Abstract

Purpose: The objective of the research was an assessment of the experiences of Polish owners of family companies in organizing family meetings as mechanisms of family governance as well as evaluating the usefulness of solutions developed in this sphere for both family and company.

Methodology: The character of the conducted research was qualitative. The main technique used to gather data involved interviews. A total of thirty nine respondents from twenty companies were questioned. Nineteen were representatives of the older generation while twenty represented the younger second generation of owners of family businesses.

Findings: Research results indicated the rather extensive use by the examined owner families of family meetings to discuss company matters. Depending on their needs, they developed various models ranging from the ad hoc bringing up of company matters to the transformation of such meetings into formal, family meetings of the management board organized in company offices. Regardless of organizational form, family meetings were an important forum for the exchange of information and views on the functioning of the company among family members.
The experiences of the examined families of owners in building family governance systems, understood as a complex of structures and mechanisms making possible the maintenance of a balance between tensions stemming from economic and emotional ties among family members, both involved in the company and outside it, remain small.

Research limitations: The qualitative character of the research, including the size of the examined sample (twenty family companies represented by thirty nine representatives), means that the generalizations made for the purposes of this study refer only to the experiences and opinions of the interviewed respondents.

Originality: The research performed is the first of its kind devoted to family meetings as a component of the system of family governance created in the family forum of owners of family companies. At present, questions of family governance subject to Polish conditions are not a popular research field undertaken with respect to family companies. This is dictated by the current phase of development of most domestic family ventures, where no significant diversification of stakeholders on the family level has as yet occurred. However, this should in no way suggest that Polish family businesses are not acquiring their first experiences in the sphere of family governance that, in the future, may prove useful in the forming of more complex structures.

Keywords: family meetings, family company, family governance system

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| Introduction

Family meetings in family companies do not occupy any significant quantity of space in topical literature in the context of investigations of family governance[2]. Usually, only one or at most a few paragraphs are devoted to them. Typically, the subject is opened by a proposal for a definition of such meetings. For example, R.S. Carlock and J.L. Ward (2010, p. 205) defined family meetings as meetings that "are intended to maintain effective family relations by improving communications, providing a forum for education, planning, and decision making and creating accountability".

Research conducted in 2013 within the framework of the "Professionalization of Governance Structures in Family Companies" research project[3] created an opportunity to take a close look at such institutions under Polish conditions. The basic quality of the Polish family business sector is that it is still made up of young entities that were established in the 1980s and 1990s. These entities are presently commencing the process of the transfer of authority and ownership between the first and second generations (Kowalewska 2009).

In line with criteria for subdividing family companies as assumed by Gersick et al. (1997), companies whose ownership is concentrated in the hands of the first generation, or even in the person of a single founder or founding spouses, is dominant among Polish family companies. Other owners, if present, have only token holdings and have no significant prospects of influencing the company as owners. This phase of development, from the point of view of the transfer of ownership and decision-making capacity, is defined as "controlling ownership" (Gersick et al. 1997, p. 32).

A second criterion for subdividing family companies identified by Gersick et al. (1997, p. 60) is definition of the "familiness" of this type of company (the family dimension) expressed by the number of generations managing the family business. On the basis of research to date, it may be stated that a major portion of Polish family companies today are in the "working together" phase (Kowalewska 2009). The basic qualities of this type of family company revolve around that the representatives of both the first generation (i.e. parents usually aged 50–65) and the second generation (i.e. children aged 20–45) working together in those companies (Gersick et al. 1997, p. 82).

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[2]   There are many definitions of the family governance system as built in the families of company owners and their companies. The principles formulated by Cadbury (2000) have been applied for the purposes of this study. Pursuant to these principles, family governance encompasses the defining of the roles of specific actors appearing in the family of owners and the family company (i.e. family of the owners, owner family members serving managerial functions, and managerial staff not tied to the family, but outside it) as well as their tasks and responsibilities in the life of the family company. Each of the above groups of stakeholders brings with it its own interests and expectations. These may be quite diverse. In effect, this may translate into the character of relations between them (they do not always have to be friendly and peaceful) (Cadbury, 2000). For a broader discussion of questions of family governance in topical literature see for example Gersick, Davis, Hampton and Lansberg (1997), Neubauer and Lank (1998) and Koładkiewicz (2011).

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Due to the concentration of family company ownership, and therefore decision–making powers, in the hands of the owners–founders, the question of family governance usually remains unnoticed in family companies in the "controlling ownership" phase. However, it may be assumed that their entry into the "working together" phase begins to bring with it problems that necessitate the development of certain family governance[4] structures—usually in the family forum—that facilitate their solution. The need for undertaking efforts providing support for inter–generational cooperation and communication grows with the appearance of a second generation in the family business (Gersick et al. 1997, p. 82). Among factors facilitating collaboration among generations as well as their mutual communication are honesty, openness and family cohesion (Gersick et al. 1997, pp. 85–88). A factor impeding it is the dual nature of the roles played by family members in the family business (managerial positions in the company and parent–children relations). The differentiation of family generations in the family company also creates a need to develop actions making possible the effective managing of conflict (Gersick et al. 1997, pp. 88–90). The emergence of conflict may be fostered by an increase in the number of family members in the company, each of whom brings in various perspectives of looking at the world as well as personal needs and expectations. For example, representatives of the second generation expect to take on authority and control of the company (Gersick et al. 1997).

In family companies in "controlling ownership" (an ownership dimension of the company) and "working together" (a family dimension of the company) phases, the primary forum that can prove its usefulness in solving the potential problems is what can be considered the simplest mechanism of family governance: the family meeting. It may also be assumed that practices created within this framework may also be useful in family forum processes needed to form even more complex components of the family governance system, i.e. the family council, family constitution, family assembly and family office.

In the context of these solutions, the undertaking of an effort to understand the experiences to date of the interviewed representatives of the first and second generations of owners of Polish family companies, with respect to creating family meetings that adequately satisfy their needs is an interesting research challenge. An important aspect of research in this sphere was also the definition of the usefulness of such meetings for the family and the family business, as well as their potential input into creating more complex family governance structures.

The first part of this study description includes a brief summary of knowledge accumulated to date on family meetings as an element of family governance in the family company. The second part characterizes the research methodology. The next section presents the research results

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[4]   The family governance system encompasses two subsystems created in the family forum and the company forum, respectively. The family governance subsystem created within the framework of the family encompasses family institutions such as family meetings, family assembles, family councils, family constitutions and family offices (Neubauer and Lank 1998). Subsystems created in the family company consist of corporate governance mechanisms, i.e. boards of directors/supervisory boards, general assemblies of shareholders, and the top management team (e.g., Neubauer and Lank 1998; Montemerlo and Ward 2005; Lansberg 1999; Gersick et al. 1997; Ward 2004).

depicting family meeting models as developed by the examined families and owners of family companies, inclusive of an indication of their key components: meeting participants, factors determining the taking up of company topics during the family meeting, types of questions related to the family company, the formal or informal character of such meetings and venue. An important aspect of these considerations also includes the family function served by the meetings as well as their importance for the development of more complex structures forming the family governance system. The last part is a brief summary of the study.

| Family Meetings: The Theoretical Perspective

Family meetings are among the simplest of governance structures. They are characterized by a high level of informality and, depending on the situation, are either a mixture of family and company problems or are exclusively devoted to company matters (Neubaer and Lank 1998, p. 80; Ward 2004, p. 17; Carlock and Ward 2010, p. 205). With the growth of complexity of the family, the family meeting formula may evolve in the direction of more formalized structures. The first such indication may be the undertaking of actions aimed at their formalization by defining fixed dates and meeting organization forms or the introduction of an agenda giving structure to the session and encompassing topics stimulating the interest of all participants (e.g., Fahed-Sreih and Djoundourian 2006, p. 229). Also important is the identification of a goal.

The basic role of the family meeting is its communication function. Among questions that should be discussed at such meetings are family values, mission and the long-term vision for the development of the family company (Ward 2004, p. 17; Carlock and Ward 2010, p. 206). An important dimension of these meetings is also their educational character, especially for the younger generation (Carlock and Ward 2010, p. 206; Ward 2004, p. 17). They are also a useful forum for the presentation of views and the discussion of problems by all interested family members (Mustakillo et al. 2002, p. 208). Moreover, they allow for the development of skills in achieving consensus, which is a major challenge in the case of the owners of family companies. To a great extent, this is due to the dual roles as played in the family and family company (Mustakillo et al. 2002, p. 208).

Family meetings also form a convenient venue for building social relations among family members. For their part, the quality of these relations translates into the quality of strategic decisions taken in the family company. Quality fosters the taking on of a long–term perspective for company operations (Mustakillo et al. 2002, p. 208).

For family meetings to successfully fulfill these functions, there must be an awareness among participants of benefits that such meetings can bring to both the family and the family business. Awareness alone is not enough, however. It must be accompanied by actions giving structure to the meetings as well as facilitating their proper management.

Family meetings, in spite of a lack of structural complexity, may become an important starting point for developing best practices in the process of managing relations in the family and family–company relations, especially those relating to managing emotions and resolving conflicts (Carlock and Ward 2010, p. 206).

| Research Methodology

The objective of the research was the assessment of the experiences of Polish family company owners in the area of organizing family meetings as a family governance mechanism as well as an evaluation of the usefulness of the solutions developed for both family and company. This assessment was made mainly on the basis of the current experiences of representatives of the first and second generations: the owners of twenty family companies.

In line with the assumed research principles, family meetings were treated as one of the simplest structures of the family governance system. Only those meetings that, in addition to family matters, also looked at matters related to the family company were the center of attention. The following two research tasks were formulated for the purposes of the study:

1) Identification of key components creating the family meeting models developed in the family forum (i.e. meeting participants, factors determining the taking up of company topics during the family meeting, types of questions related to the family company, the formal or informal character of such meetings and venue).

2) Identification of functions served by the meetings as well as their importance for the development of more complex family governance structures.

The conducted research was qualitative in character. The technique used for gathering data was mainly the interview. A research tool used in the study was the partially structured interview questionnaire. Questions contained in the interview questionnaire were prepared on the basis of existing topical literature and their design allowed the respondents to share their experiences and views on the course and usefulness of family meetings.

The interviews were conducted from August to December 2013. The average duration of an interview was from forty five minutes to about one hour. All in all, thirty nine respondents from twenty family companies took part in the research. Of these, nineteen represented the older generation while twenty were from the younger second generation of family company owners. Among the representatives of the older generation, representatives of the first generation (the founders of the family company) were dominant. Among the younger generation, most were from the second generation. As to other generations, three representatives of the third generation (younger generation) as well as one respondent from the fourth generation (older generation) took part in the research.

Due to the need to remain anonymous articulated by most of the respondents, the given and sur-names were encoded using the following formula: [R'x] for representatives of the older generation and [R''x] for representatives of the younger generation, where x is a number. The assumed code symbol is used for each statement of a given respondent quoted in the study.

The family companies managed by the study participants were active in various sectors and were of various sizes. They included small, medium and large companies (one of the examined companies was even listed on the Warsaw Stock Exchange). At the time of the study, ownership of the companies was primarily in the hands of representatives of the older generation. In several of the companies, members of the younger generation had already been endowed with a share in company ownership. In the bulk of the examined owner families, the transfer of management between the generations present in the companies had already begun.

To a great extent, the examined representatives of the younger generation served managerial functions. However, decision-making in key matters relating to the company remained in the hands of the older generation. It should also be stressed that at the time of conducting the research, only two family generations were present in the examined family companies. At times, the presence of representatives of the younger generation in the family company seemed responsible for certain "perturbations" in family unity due to the employment in the company of their spouses. This generated a significant challenge in a situation where siblings were present. However, such situations did not occur in all of the examined owner families. Moreover, the wives of the founders of the family company were not always directly employed. Nevertheless, in some cases they were emotionally involved in the company.

Prior to the presentation of research results, it is necessary to strongly stress that their processing was a multifaceted challenge. Such complexity was because the opinions and views derived from representatives of the older and younger generations of family company owners varied. Their source was the diversity of the examined families expressed in various dimensions, from values held to assumed principles behind actions (examples of differences were previously characterized). In studying the research results, it is necessary to remember that everyone taking part in this study of owner families was different and, for this reason, functioned under different family–company conditions. In turn, this meant a need for developing solutions adapted to specific needs. In spite of certain family formulas might appear in the examined sample of owner families (e.g., the presence of representatives of the first and second generations in the process of managing the company), action models developed over the years differed.

Moreover, it should be stressed that the qualitative character of the research and primarily the size of the examined sample (twenty family companies represented by thirty-nine family members) means that the generalizations made for the purposes of this study only make reference to the experiences and opinions of the examined respondents. The study results may serve as a basis for indicating further research directions aimed at understanding the process of the molding of the institutions of the family governance system in Polish family companies.

It should also be remembered that the research results presented in this study only encompass the family governance mechanism as developed in the family forum and by the family. In delving into questions of family governance, a second important part should be considered in the form of corporate governance mechanisms created in the company forum (i.e. supervisory boards or management boards consisting of outside professionals). However, due to limitations on the size of this study, the results of the functioning of supervisory boards in the examined family companies will be discussed in a successive study.

| Family Business Presence at Family Meetings: Developed Models

Analysis of experience in the organization of family meetings and the presence of family business topics during such meetings indicates that, in spite of the coming of age of the examined companies as well as even the involvement of two generations in management, organizational relations remain only minimally formalized to a great extent. In the case of most of the examined families of owners, regardless of the reasons behind the calling of the family meeting, the topic of the company always crops up at certain moments. The following statements illustrate the typical development of events:

> [R"2] Yup, when we eat at grandma's or with our uncle, sooner or later the subject of the company is bound to come up.

> [R'11] We sit, eat dinner together, and talk. I think that eighty or ninety percent of our free time or the time that we spend together as what you might call a two–generation family is devoted to the company and problems related to the company – participation in some fair, in some meetings, and strategy, competition, prices, *et cetera*, *et cetera*, *et cetera*.

> [R"14] Unfortunately, or perhaps fortunately, every private, home meeting always ends up a discussion about the company. (…) They are very spontaneous. We might be talking about something completely different and at some moment we begin talking about matters linked with the company. (…) It pops right out of the blue. I might not even know who started the discussion about the company. Very often it is my mother, but not always.

The effort to identify factors responsible for the appearance of the topic of the company at the family table undertaken in this study demonstrated two causes that proved responsible with the greatest frequency. The first may be defined as the desire to confront thoughts with other family members to find solutions to day-to-day company problems. Such a view was expressed by [R'23] who maintained that discussions on the topic of the company appear in the home "at times when someone has something nagging in the back of his head or just thinks that it is necessary to talk." A similar opinion was expressed by respondent [R"28] who declared that "they [company-related topics] usually crop up during emotional or negative situations, sometimes positive ones. Out of some spectacular thread (…) and this develops like a *matryoshka* (Russian nesting doll), where

someone says something, another person adds something and (…) very often we end on personnel matters [relating to workers]." On the other hand, [R'29] indicated that "the discussions take place when something is going badly and the situation has to be saved somehow. However, this is not the building of a vision for the future where the next generation will have something, (or) where the next generation is meant to take over the company. This is not our objective. It is the idea that is a leading light to which everything else is subservient."

The second factor stimulating the appearance of company topics at the family table is the desire to discuss a new investment idea or strategy concept in a peaceful setting, far away from the company hubbub. This was the view of [R"12] when he said that at home "there is more time, peace, and quiet, which allows for an open and calm talk backed by arguments. Something that for technical reasons cannot always be conducted here [in the company]." He also added that "often, the best ideas crop up (…) on Sunday evening or during Saturday dinner, and then we have an opportunity to analyze and discuss them." A similar opinion was also expressed by respondent [R'39] who said, "There are times when it is simply necessary to discuss things (…) discuss them in peace. Where no one pulls you away from work, everyday matters that pop up even if your time has been organized as well as possible, always those day-to-day matters. They do have an impact. So we talk at home and it is these conceptual things [that are the subject of discussion]." Worth adding is that in the case of [R'39], such meetings are restricted to discussions among the first generation (husband and wife), the founders of Company No. 20.

In addition to these family meeting-family business formulas governing relations, characterized by the spontaneity and informality with which company topics appear, the accumulated material allows for the isolation of two more situations. The first indicates an absence of company matters, or more precisely, of broader discussions regarding them during home family meetings. The second situation brings to light the need for formalizing discussions regarding the company. Such formalization does not limit itself to their mere organizing at a defined time with a pre-approved meeting agenda; venue has also proven important.

With respect to the first situation, the absence of discussion on business topics during family meetings, it was only found among a few of the examined families. The interviewed representatives of those families mainly justified them by a dearth of suitable partners for a discussion. This was the claim made by respondent [R'19]. "We do not discuss the company at home. The reason is I have no partner for such a discussion. What I mean is that my wife is interested to the extent that she wants everything to be cemented together." In her turn, respondent [R'29] came to the conclusion that the absence of discussions regarding financial problems in her home stemmed from the assumed family model: "My husband and I do not communicate in such a way (...) We do not sit for hours. We do not describe things. We do not go over minor details, certainly not company matters. Thus, I sometimes do not know what is new at his work and he does not know what is new at work in my case." At this point, it is worth adding that the company currently managed by [R'29] was established by her father, with whom she worked for a time and

with whom she discussed company problems on a running basis. For his part, her husband managed his own business and was never involved in her company. This model was the exact opposite of the system developed by the parents of the present owner who created a "very open family, which discussed many thing among themselves. Their discussions went on for hours without end and, for this reason, company matters came up." Her "mother, who never worked professionally, always played an emotional part in the life of the family." Currently, her daughter, who graduated from law school and may take over management of the company in the future, is gradually becoming a partner in discussions regarding company matters. This was not yet decided at the time of the conducted research and the daughter was not formally involved in company management. In their discussions, the subject of the company most often appeared in two contexts: a need to solve running problems with employees and legal solutions, where the latter was supported by the legal training of the daughter [R"30].

For his part, a successive interviewed representative of the older generation [R'31] justified the lack of discussions regarding the company during family meetings by the presence of outsiders in the persons of the spouses of his children who "were absolutely indifferent [to company matters]. (…) My son-in-law is a university lecturer who isn't at all interested. I simply do not want to touch upon these matters [i.e. the company] in such a forum." To meet his own needs, he has developed a solution in the form of individual consultations relating to company matters that he conducts with his daughter, son or wife.

In the case of the part of the examined families-owners who do not conduct deliberations on company topics at the family table, the need to discuss its problems was most often satisfied during talks conducted by representatives of the first and second generations involved in managing the company that mainly took place at its offices (e.g., [R'19] and [R"20] or [R'31] and R"32]). Also worth stressing is that even though the research indicates an absence of discussions regarding the company in a family group, this was more a matter of an absence of broad discussions. Statements made showed that the company does have a place during family meetings. This was best summed up by respondent [R"32]: "Sometimes, you just can't avoid such things."

In addition to those listed above, another important factor responsible for the absence of discussions regarding the company during family meetings was a desire to maintain a balance between work and family life, declared by some of those interviewed. This need was often tied with the growing size of the company, which coincided with an increase in topics involving it. In such a situation, failure to set up barriers threatens to dominate the home. Such a course of events occurred in the case of Company No. 14, which exceeded minimum criteria defining a large company long ago. The initiator behind "throwing the company out" of family meetings was the wife of the founder of the family business, who had also been actively involved in company operations, but who presently chairs the supervisory board. Among other things, she proposed the "paying of a penalty for touching upon company matters in private surroundings." In the view of her husband, respondent [R'27], this proved effective and at present there are no talks about the

company during family meetings in the home. Such discussions were shifted to company desks and have taken on the form of formal talks between the president, the representative of the first generation, and the vice-president, the representative of the second generation. However, the son [R"28], serving as vice-president has started to see weaknesses stemming from "more and more there is no time for such talks because we are increasingly inundated by running matters. These running matters are growing in volume (…) by about twenty percent each year, I think. If you have large volume, you have a lot [of topics to discuss]."

Two more families taking part in this study took a similar stance – i.e. the organizing of family meetings in the company offices. In the case of the owner of company No. 20, where all family members (the parents and their two children) sat on the management board, family meetings took on the form of regular management board meetings. Respondent [R"40] characterized them as follows: "We meet once every two weeks and discuss strategic projects. This means we should develop something like a portfolio of such strategic projects as well as projects termed as 'corporate' that encompass both companies, the trading and manufacturing companies, and discuss their state of advancement, threats, and truly strategic decisions, such as personnel decisions." Such a formula for family meetings was a relatively fresh idea. The initiator of its implementation was the daughter, the younger sibling, who tried her skills in other major corporations prior to starting work in the family business. This allowed her to acquire her own portfolio of professional experience, which made it possible to expand her perspectives in perceiving the family company.

In Company No. 17, the process of formalizing family meetings in the company, which were devoted to both its problems and the discussing of matters linked with the drafting of a family constitution regulating various aspects of the functioning of the family and the company, was a relatively new effort. Agendas were drawn up depending on the needs of meeting participants. Actions in this area were characterized as follows by the cofounder of Company No. 17 [R'33]: "What we try to do is to have a docket with topics we want to discuss. Sometimes, we develop a plan for such a meeting, where we decide that we will discuss something specific."

The initiator of family meetings was the previously mentioned cofounder of Company No. 17, [R'33]. The impulse behind their regular meeting holding was, in the view of representatives of both generations (the mother [R'33] and the daughter [R"34]) the launching of a succession process. In describing the situation, the daughter [R"34] indicated that "this is the moment when they [the parents] are beginning to become aware of the fact that they will have to hand over their authority, and they probably also want to prepare us a little. This is, in part, the reason behind the formalizing of these meetings, so we all know what is happening in the management board, what is going on in general, and so they start to appreciate us a little as their successors."

Participants in these meetings are the parents-founders and their two children (the potential successors). The entire four simultaneously serve functions on the board of the family business.

Sometimes, an outside advisor takes part in meetings devoted to drafting a family constitution. He provides support and also moderates the family discussion. One of his functions is handling emotions because topics brought up often embody significant emotional charges.

In justifying a formal organization for meetings at company offices, its co-owner [R'33] said: "Why in the company, why not at home? We minimize these discussions at home. Everyone has these problems in their head, but we sometimes have enough of discussions concerning the company at home. The outstanding initiator of this is my son, who closes company subjects and does not want to talk (…), and wants to have time to regenerate."

Half a year had passed since the commencement of the organization of formal meetings of the first and second generations in Company No. 17 at the time of the research. However, up to the moment of the taking of the decision to formalize them, "these meetings were always there. However, they were not as formalized. When there was a problem we sat down and talked. (…) Things were always *ad hoc*" [R'33]. In December 2013, the family of owners of Company No. 17 was still working on establishing their regularity and shaping them into something cyclic, taking place once a week. A visible challenge in this area was the need for education among family members taking part as well as a more professional approach. The company cofounder [R'33] characterized these matters by saying: "We still haven't developed the culture within ourselves, no outlines for action showing that we treat this very seriously, like meetings with other workers. (…) Then they, too, take on a slightly different form, but more so because the emotions are always lurking in the background. And there are the jokes or someone (…) crosses the line a bit. I think we have to work on it. This is still ahead of us."

Another factor indicating the still weak position of such meetings in the life of the family is their being pushed out of the schedule by other company tasks because, as described by [R'33], "There is always something going on, always something more important. Always, I don't know, it is difficult to get everyone together, because (…) there are a lot of business trips, a lot of outside meetings." At this point, it is worth adding that in spite of these difficulties, the cofounder of the company [R'33] stated that "everyone sees their usefulness."

In the collection of developed solutions relating to the organization of family meetings and the discussion of subjects tied to the family company during the meetings, there are two more noteworthy examples. One of them is the almost complete shift of discussion on company matters to the company board made up of representatives of the first generation of family members, brothers and professionals, outsiders not from the family. In the views of one of the brothers [R'38] who serves as president at Company No. 19: "In practice, they are not family meetings where company matters are discussed. No? They are very, very rare. Specially planned? Never. Sometimes we all meet by chance and discuss something. However, there is certainly no transfer in the family like maybe we should do this, maybe we should build that, maybe this way. No. It is all dictated by

numbers, statistics, analyses." It should also be added that Family Company No. 19 is also in the group of large companies.

The model for family meetings developed by Family Company No. 8 may actually be considered as a model example of formalized family meetings. The meetings take place in the home, not at the company offices, and participants are members of the immediate family. Participants in these meetings are the parents, company owners and their two daughters as well as a son-in-law [R"16] who has been anointed the future president of the company. Depending on needs, they take on the character of professional business meetings that are organized for "matters that are truly important" and that, in the view of respondent [R"16], the future president, are at times "very stormy." Key topics undertaken at such meetings have included "topics linked with the direct development and strategy of the company." An example provided by [R"16] is the conducting of operations "that are tied with significant financial risk." In such cases, "everyone must be aware of this [risk] and for this reason the decision must be unanimous when we discuss matters that can clearly (…) have an impact on the fate of the company. (…) Directions of development? Yes. We observe our macro and micro surroundings and it is often necessary to modify our strategy."

Worth stressing is the practice of preparing for the meetings by participants, as indicated by respondent [R"16], where "those who have the most to say or who want to convince others to their vision, to their idea, must be skillful in their presentation and in arguing it, because the idea may quickly be torpedoed." Among the weaknesses of this "business" family meeting model as developed to date is the selection of matters to discuss, as identified by respondent [R"16]. In his view, these meetings should "concentrate only on matters of greatest importance, not be meetings on every small or medium problem. Things that can be taken care of more efficiently, where it is possible to meet for a moment in the company or even where it is not necessary to meet at all because it is within the jurisdiction of the given person who can take care of it with no problem."

In concluding this presentation of formulas for family meetings as developed by the examined family company owners, it is necessary to look at solutions involving cyclic, once–a–week, formal meetings of family members employed by the company and workers. Such a form of meeting is found in Company No. 9, where participants include the representatives of the second generation (siblings) presently managing the company, their children employed by the company in managerial positions, and the remaining managerial staff of the bakery encompassing people from outside the family of owners. All in all, ten to twelve people usually participated in these meetings and the topic was the running activities of the company [R"18]. In describing these meetings, a representative of the younger generation [R"18] indicated that "they are formal, there is an agenda (…) and everything is written out regarding what will be discussed and what will not be discussed. At the end, everyone who wasn't included (…) can stand up, say what he wanted to say, ask a question, ask about what to change in the bakery. (…) Here, managers also have lots of ideas. They tell us about their ideas. Later we discuss them, in a smaller group, and we agree or don't agree."

However, it is the experience of respondent [R"18] that the above-characterized type of meeting was primarily dedicated to everyday company problems. Discussions devoted to matters of strategy relating to family company development were usually left for a small family group.

In concluding the discussion on the family meeting formulas developed by the examined sample of twenty families, family company owners, as well as on questions relating to the family company touched upon by them, it is worth summing up exactly who takes part and what company–related topics are taken up.

The previous characterization demonstrates that as to meeting participants, several basic models of action have been developed. The first involves the participation of parents-founders and their children and children's spouses (where these partners are also employed by the company). The second meeting participant model only encompasses blood relations. In one of the examined families, the owners of Company No. 7, the absence of partners of the younger generation is the result of a principle assumed by the founder that they shall not be employed in the family business. In the view of [R"13], this principle has been accepted by all siblings. The basis of its acceptance is the conviction that "the histories of similar families and family businesses demonstrate that the involvement of spouses or partners in a strictly family business often ends badly. It ends badly not only for the company, but even very badly for the family." However, it should be stressed that such a clear isolation of the family company from family members unrelated to the family business founders was found in only one of the examined owner families.

Owners–founders of a part of the examined families looked differently at the employment of the partners of their children in the family company. They saw them as potentially trusted workers, especially useful in situations when the company is developing (e.g., Companies No. 6 and No. 12).

Also worth stressing are other aspects of the presence of "outsider" partners in the family business noted by some of the respondents. Relations should be regulated early so as to avoid a potential source of problems. This relates to the question of official hierarchy, where in a conflict situation in the company or the family, in the view of respondent [R"13], "from an emotional standpoint, it is never possible to forgive the mistakes of a brother in the same way as those of a sister-in-law." This matter was most frequently raised in situations of the hiring by the company of the spouses of siblings, representatives of the younger generation.

In analyzing types of company-related matters discussed at family meetings, these may be subdivided into two basic thematic blocks. One consists of day-to-day problems that, when discussed in the family forum, made it possible to find an optimum solution. Most often, their appearance during the family gathering was a random event. In turn, the second block encompasses matters of strategy, including directions for the company's further development. This was characterized

by [R'33] as follows: "Is the strategy (…) being implemented the right one? Do we have to solve problems of an ownership-nature in the context of hired directors (…), the managing ones? These are often topics tied with the running needs of employing some professionals."

Undertaking topics so very important to the family business in the quiet of the home provided an opportunity to discuss them away from the company. This was described by respondent [R"12]: "When we are at work, a lot of things are going on. You see, someone is knocking all the time, someone always wants something. When it is Saturday and we are sitting and peacefully talking about something, it's a comfort zone (…) where everybody is calm and it is possible to discuss many things. We can talk about many things for which we don't have the right conditions for here." However, it should be underscored that discussions conducted in the home regarding the family business do not always proceed in the tranquil atmosphere described by respondent [R"12]. A major source of tension making discussions difficult is usually emotions brought in by participants in family meetings. As noted by [R"40], "Whatever you say, this line of work stirs enormous emotions and these emotions do make their way into family life."

| Usefulness of Family Meetings for the Company and the Family: An Assessment

Keeping in mind that family meetings are the simplest structure among family governance mechanisms, an interesting aspect of the conducted research was discovering how the examined respondents assessed the usefulness of such meetings for the company and for the family. The general assessment relating to their usefulness as made by the examined respondents was positive. However, some did see a danger derived from a dominance of company topics during family meetings and thus a loss of balance between company and family. Respondent [R"12], a representative of the second generation, summed it up this way: "In my view, it is added value, absolutely. I fail to see any bad [sides]. If you are capable of accepting the fact that the working sphere encroaches into the home sphere, into the family, then I think this is added value and there is nothing wrong with it." However, it should be remembered that in the case of several families, owners of family businesses, business topics were excluded from the home hearth and banished to company offices (e.g., Companies No. 10, No. 14, No. 17, No. 19 and No. 20).

As to factors prerequisite for a positive assessment of family meetings in the context of the functioning of the family business, some of those interviewed primarily see its communication role. It is thanks to company topics touched upon during them that the awareness of the remaining family members regarding what is happening in the family business improved. Respondent [R"16] characterized this as a situation where "in spite of the fact that we are working together, our responsibilities differ, we all have our little gardens, and often, not everyone knows exactly what, in detail, the other person is doing. They know the key words, the subject, but at times (…), in wanting to make a decision, they do not know everything, the 'why?' or the 'how?' So this [the

family meeting] is an opportunity to (…) tell, explain in detail why, in my view, this decision should be made, which allows the rest to understand the need."

Another participant in the study, a representative of the younger generation [R"40], also ranked the information function of family meetings very highly because "first of all, we all have an opportunity to be on the same level in terms of knowledge regarding some specific strategic projects of the company, which means knowledge about what is happening, what decisions shall be made resulting in investments, for example." At this point, it is worth recalling that in the case of this respondent, family meetings have taken on the form of cyclic management meetings, consisting of parents, the founders of the family business and their two children.

The information function of family meetings was also noted by a representative of the first generation, respondent [R'33], who characterized its implementation as follows: "[At these meetings] everybody (…) tries to explain what is happening in their own backyard (…), just the main topics (…) that it would be good if everyone knew, including family members who do not have to get involved. (…) Just so they have the knowledge regarding what is really going on in the company."

As to added value generated by family meetings, it is the view of respondent [R'21] that their educational function is also decisive. In his view, "family meetings involve the teaching of the younger generation that we should meet and discuss various family matters. Such a tradition results (…) in the need for successive meetings (…). Thus, they should somehow be relatively regular, these family meetings."

It should be stressed that the interviewed respondents also saw the usefulness of family meetings in more than just questions relating to the company. They saw its usefulness for the family itself. In justifying their value to the family, respondent [R"16] said, "This type of meeting bonds the family very strongly. It makes everyone aware of the fact that we should all strive in the same direction. They most certainly reinforce a certain sense of integration." Respondent [R"34], a representative of the second generation, also underscored their input into the building of family unity. He stated that "During meetings, for example, when we and the parents are present, we sometimes begin to take things in, as if these meetings or rather even more so, that we understand better and this closeness of generations and a new approach to management can, somehow bring us closer together and that (…) often we speak the same language."

| Family Meetings: Assessment of Experience in the Context of Creating New Family Governance Structures

Prior to analyzing the experiences of the twenty examined families, owners of family businesses, in the area of the organization of family meetings (establishing the simplest family governance mechanism formed within the family forum), it is worth noting the types of family companies

and their businesses. In line with the family business criteria as developed by Gersick et al., there are two categories:

1) Ownership Dimension: all the family companies whose representatives participated in the study belonged to the "controlling ownership" group of companies; and

2) Family Dimension: all the family companies whose representatives participated in the study belonged to the "working together" group of companies.

Among the key challenges standing before such companies in the sphere of family governance is the matter of sharing ownership with the second generation, supporting inter–generational cooperation and communication, and the effective management of conflicts in the face of growing family complexity (see for example, Gersick et al.). Another important challenge is recognition of the need for forming ever more complex family governance structures that allow for the effective management of relations between the company and the family. Their weight grows significantly with the growth in complexity of the family and its family business.

These research results showing the experiences of twenty families, owners of Polish family companies, and relating to family meetings, demonstrate that in their case it is difficult to speak of an awareness of questions of family governance expressed as a desire to create more complex mechanisms regulating relations between the family and the family business. Only one of the examined families, the owners of Company No 17, took action in this direction. They commenced work on a family constitution that, in a professional manner, defines relations among family members and the company and regulates procedures for various family and company situations that may appear in the future. It should be added that in drafting a family constitution, the family of owners were supported by an outside expert who cast light on potential problems, moderated discussions that were stormy at times and tried to manage the emotions of discussion participants.

The rest of the examined families-owners remained at the beginning of the road with respect to the process of developing family governance structures. They primarily utilized the simplest mechanism in the form of family meetings. Analysis of their experiences relating to their utilization of family meetings showed that their main orientation is to use them as an informal forum for discussing company problems, both running matters and strategic questions. These questions most often made their appearance during the meetings in an unplanned way. It was in only one of the examined families of owners that an effort was made to formalize family meetings taking place at home (Company No. 8).

One of the directions visible in the evolution of home family meetings in some of the families, owners of family businesses, was the exclusion of company topics from the home, leaving them for the company offices. A factor stimulating this process was often a desire to maintain a balance between work and family life, which began proving particularly difficult in the case of a dynamically developing family business. Another determinant of this process was the model

of communications and cooperation developed in the family (e.g., an inability to see partners suitable for discussing business matters among family members).

An interesting dimension of the described process was also the undertaking of efforts aimed at formalizing meetings. Once in the company offices, the meetings became formal management board meetings and encompassed representatives of both the first and second generations (e.g., Companies No. 14, No. 17, and No. 20). Such a formula for family meetings fostered the presence of all members of the family in the company but was hampered by company routine. Some respondents already started to see the threat of running affairs pushing out more strategic matters.

As already noted, the transformation of family meetings into company board meetings was accompanied by the process of their formalization in the form of defined dates, proposed meeting agendas, and the definition of their goal. A benefit derived from the formalization of family meetings as management meetings, consisting of representatives of the first and second generations, is the return of family-related topics to family meetings. This made possible the maintenance of a balance between family and company, in other words, work. A weakness in this solution is the loss of one of the most important functions that, in the context of family governance, is served by family meetings: the communication function. Such a solution may lead to an increase in information asymmetry between "insiders," or persons managing the company directly, and "outsiders," or family members whose professional and personal lives are outside it. This is especially important in the case of families of owners where there is a subdivision in the family into blood-related "insiders" and "outsiders".

In turn, the formalization of family meetings in the form of board meetings with the participation of key representatives of both generations (founder parents and their children) allows for the development of experience that might prove useful in molding corporate governance structures in the company forum, forming a second "company" pillar in the system of family governance. "Family" board meetings undoubtedly facilitate the discussion of company matters and the development of effective ways for finding compromise among key people in the company. What remains open is the question of how these experiences can be used in situations where a supervisory board makes its appearance, which is a successive step in the process of development of family governance structures in the family business. At the same time, the presence of outside professionals in the company should not be forgotten.

There is also the question of whether the transformation of family meetings into formal board meetings, with a simultaneous absence of activity in the family forum, might not in itself be a source of future asymmetry between family members serving managerial functions in the family business ("insiders") and family members professionally active elsewhere ("outsiders"). Such a threat may make its appearance when the complexity of the family increases with the coming of a third generation, whose representatives might not necessarily want to couple their fates with that of the family company, thus becoming company "outsiders."

It is for this reason that family owners of family businesses should not forget about the need to form more complex family governance structures including the family forum (e.g., family councils or the drafting of family constitutions). Skills in managing relations between the family and family company is obviously becoming an important challenge whose importance is growing in line with the complexity of the family and the company.

| Summary

Research results presented in this study are an interesting supplement to our knowledge regarding organized relations between the family of owners of a family company and the family company itself utilizing the simplest mechanism of family governance – the family meeting. Primary observations stemming from the analysis of accumulated research materials indicated the rather broad use among the examined families-owners of the family meeting to discuss company matters. Depending on their needs, the examined families of owners developed various models, starting with the cropping up of company matters on an *ad hoc* basis all the way to the transformation of such meetings into formal family board meetings organized in company offices. Only a few of the examined families did not undertake in-depth discussions on company topics during family meetings. This was the result of either a desire to maintain a balance between family life and the company or stemmed from a failure on the part of the person directly managing the family business to see suitable partners for discussion among the remaining family members. It was in only one of the examined families of owners that family meetings became formalized by giving them the character of prepared business meetings (Company No. 8). In line with the views of Fahed–Sreih and Djoundourian (2006, p. 229), this may be seen as the achievement of a phase of development in which the family begins to need more institutionalized solutions to build good relations or solve problems.

A subsequent observation is that regardless of the organizational form of family meetings, they are an important forum for the exchange of information and views regarding the functioning of the company among family members. They also make it possible to build an awareness among family members of the weight of relations between the company and the family, including an understanding that they are coupled by a common goal: the good of the company fostering the good of the family and *vice versa*. Family meetings are also a place for developing joint solutions relating to the company, encompassing such key matters as the transfer of ownership among generations and the selection of a successor (for more information see, for example, I. Kołodkiewicz, 2013). Such meetings also make it possible to develop a set of instruments that may prove useful in quashing excessive emotion that discussed topics may stir. It is worth adding that respondents tended not to be fond of recollections of emotions accompanying such meetings.

Summing up current experiences in the examined families of owners in the context of building a system of family governance, understood as a set of structures and mechanisms allowing for

maintaining balance between tension stemming from economic and emotional ties among family members, both involved and not involved in the company, they remain small. To a great extent, this may be determined by the relatively low level of complexity of the examined families, primarily encompassing two generations – the older and younger and in most of the examined cases, the first and second. In this context, an interesting research challenge is the question of family governance in Polish family companies. However, it may be assumed that with the growth in complexity of owner families, especially with the dispersion of company ownership among its members and the disparity in information they hold regarding the company, there will be an increase in interest in creating more advanced mechanisms of family governance in the family forum in the form of a family council, family assembly or family constitution. Their basic aim will be an attempt to unite the diverse interests of individual family members, both those directly involved in managing the company and those finding fulfillment elsewhere.

In the end, it should be stressed that due to the significant sensitivity of the examined area, defined by major accumulations of family emotion within it, gaining more knowledge about it may be characterized by significant difficulties.

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