Journal of Co-operative Organization and Management 3 (2015) 52–59

Contents lists available at ScienceDirect

Journal of Co-operative Organization and Management

journal homepage: www.elsevier.com/locate/jcom

Cooperation between family businesses of different size: A case study

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ARTICLE INFO

Article history:
Received 29 December 2014
Received in revised form 13 October 2015
Accepted 16 November 2015

Keywords:
Family business
Cooperation
Power considerations

ABSTRACT

For family businesses, entering into inter-firm cooperation with another family business can be a fruitful strategy for sustaining business success and ensuring survival. However, the typical characteristics of family businesses (e.g. informal organisation structures, restrictive information policy) imply a lower propensity to combine resources on an inter-firm level—which becomes even more prevalent when the relationship is asymmetrical. Against the background that, however, not only research focusing on the cooperation tendencies of family businesses is underdeveloped, but also studies on asymmetrical inter-firm relationships are scant, we aim at examining business-related prerequisites for cooperation between family businesses of different size. By employing a qualitative research design, we gain insights into the importance of similarities in terms of a shared history and synergies in terms of mission and values (i.e., familiness) for balancing deficits in power, from the perspective of the smaller partner. Furthermore, we demonstrate that the development of trust between the cooperation partners, through the active demonstration of a track record as a reliable business partner, as well as making good on promises made, can also aid the long-term success of the cooperation in spite of differences in size and scale of the family businesses involved.

1. Introduction

The topic 'inter-firm cooperation' is becoming increasingly important: volatile markets, as well as the possibilities induced by new technologies, require strategies that ensure sustainable competitiveness. As the only enduring advantage stems from the ability to generate a continuous flow of new advantages (Harvey, Novicevic, & Kiessling, 2001), flexibility in terms of being able to quickly adapt to changes (Uhlaner, Kellermanns, Eddleston, & Hoy, 2012; Volberda, 1996) is of particular importance. One strategy for developing these flexible adaptations is to enter into inter-firm cooperation (D'Aveni, 1995).

Especially for family businesses, entering into inter-firm cooperation can be a fruitful strategy for sustaining business success and ensuring survival (Sirmon & Hitt, 2003). In this regard, inter-firm cooperation can be seen as a specific type of organisational arrangement between two, legally independent businesses that adjust their behaviour to a joint course of action, in a specific area of their business activities, with the aim of realising joint benefits in the long run (Combs & Ketchen, 1999; Das & Teng, 1998; Hatak, Fink, & Frank, 2014; Lado, Dant, & Teleab, 2008). Such long-term collaborations can contribute to learning (Leidtke, 2001), which is an important ability for adapting to changes in a firm's environment and for developing and launching innovations (Sautet, 2000; Sirmon & Hitt, 2003). Given that engaging in the creation of innovations represents a necessary condition for family business continuity (Kellermanns, Eddleston, Sarathy, & Murphy, 2012), such collaborative learning in an inter-firm context is therefore critical in highly dynamic landscapes (Niemelä, 2004). In particular, for family businesses with their long-term orientation, which is an important asset within inter-firm cooperation (Roessl, 2005), the entering into cooperation with another family business may be particularly useful for gaining access to and learning new resource configuration skills (Sirmon & Hitt, 2003). In this regard, we consider a business a family business to the extent that its ownership and management are concentrated within a family unit and to the extent its members strive to achieve and/or maintain intra-organisational family-based relatedness (Chirico, Ireland, & Sirmon, 2011).

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http://dx.doi.org/10.1016/j.jcom.2015.11.003

However, these typical characteristics of family businesses, often resulting in informal organisation structures and a restrictive information policy (see for example Gallo, 1995; Westhead & Cowling, 1998), imply a lower propensity to combine contextual information, framed experiences, values and expert insights, which are embedded in or hoarded by the main entrepreneur in the majority of cases (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001; Hatak & Roessl, 2013), as well as other resources on an inter-firm level (Roessl, 2005). Against the background that, however, "specific research focusing on the cooperation tendencies of family businesses has not yet been conducted" (Roessl, 2005, p. 213), we aim at drawing an empirical picture to Roessl's (2005) theses regarding business-related prerequisites for cooperation between family businesses of different size. Specifically, despite its theoretical and empirical relevance (see e.g. Pittino & Visintin, 2011), the topic of inter-firm cooperation between family businesses has received little attention so far, although recent research suggests a growing interest in the topic (e.g., Memili, Chrisman, Chua, Chang, & Kellermanns, 2011). This gap in the literature is rather surprising because the distinctive traits of family businesses, particularly in terms of owners' goals and organisational governance, are likely to have a relevant influence on cooperation attitude and behaviour (e.g., Roessl, 2005). As proposed by Roessl (2005) and also Lester and Cannella (2006), family-based inter-firm cooperation emphasizes certain features, such as shared values, trust, and mutual support, that may be shaped differently in non-family business cooperation. It is therefore reasonable to assume that the impact of family businesses' features on cooperation is likely to be even more pronounced in asymmetrical relationships between family businesses of different size, where the mesh between ownership, governance and management is even more complex and the strategic and operative leadership of the respective families have a more direct impact on the firm behaviour than in non-family businesses characterized by bureaucratic norms and formalized agreements.

In adopting this perspective as our analytical framework, we first identify the imbalances and the resulting asymmetrical dependencies in exchange structures between different-sized cooperation partners based on the resource- and the power-dependence approach. Secondly, we explore business-related prerequisites for cooperative relationships between family businesses. By employing a qualitative research design, we bring the previous parts together, thus examining the business-related prerequisites for cooperation between family businesses of different size. Over several rounds, we interviewed both the owner of a small family business (whisky distillery) and the owner of a medium-sized family business (brewery) maintaining a long-term cooperation between their businesses. Content analysis (Mayring, 2000) enabled us to gain in-depth insights into the functionality of the cooperation and the conducive business-related factors regarding the development of cooperation between family businesses of different size.

Our study contributes not only to the underdeveloped body of family business research surrounding inter-firm cooperation, but especially points to the unique challenges of asymmetrical partnerships between family businesses. Content analysis of the interviews quickly reveals imbalances in power in favour of the larger partner. This leads to interesting insights into the importance of similarities in terms of a shared history (in this case in terms of regionality and a sense of responsibility to the local community) and synergies in terms of mission and values (i.e., familiness) in balancing these deficits in power, from the perspective of the smaller partner. Furthermore, we also demonstrate that the building of trust capital between the two businesses, through the active demonstration of a track record as a reliable business partner, as well as making good on promises made, can also aid the long term success of the cooperation in spite of differences in size and scale of the family businesses involved.

2. Theoretical background

2.1. Cooperation between businesses of different size

In general, the advantages of cooperative relationships arise from the functioning coordination of the partners' behaviour within the area of the cooperation. Only if each partner in a cooperative arrangement forgoes short-term opportunism and short-term advantages in favor of common long-term objectives (Das & Rahman, 2010; Wathne & Heide, 2000), the cooperative relationship can lead to competitive advantages for each cooperation partner (Fink & Kessler, 2010). Hence, cooperators and the cooperation's success are dependent on the uncertain behaviour of their cooperation partners (Hatak et al., 2014; Madhok, 1995). This uncertainty concerning the partner's behaviour makes it possible for the latter to act on his or her own behalf and to pursue short-term interests (instead of common long-term interests).

In our analysis of mutual dependencies, we revert to the resource-dependence approach (Pfeffer & Salancik, 1978), which focuses on evaluating the resources derived from a cooperation arrangement, to identify the imbalances and the resulting asymmetrical dependencies in exchange relationships between different-sized cooperation partners. Based on the power-dependence approach (put forth by Emerson, 1962), asymmetrical dependencies lead to inversely asymmetrical power positions (Roessl, Fink, & Kraus, 2010).

Asymmetrical dependencies are found when each partner perceives a different balance of incentives received and contributions to be made. The partner with the higher perceived net incentive will have stronger interest in the cooperation; this partner is more dependent and thus the less powerful one (Cook & Emerson, 1978). However, the more dependent partner profits to a larger extent from the cooperative relationship, thus indicating that dependency is not a problem in and of itself. Rather, the problem lies in balancing differences in power, as the more powerful partner can change the structure of the cooperation unilaterally in his or her own favor without endangering the cooperation arrangement (Cook & Emerson, 1978; Roessl et al., 2010).

Essentially, the level of dependencies and the associated differences in power within cooperation is subject to the resource structure of the cooperation partners. To be precise, differences in business size between the cooperation partners can lead to asymmetrical exchange structures (Dant & Schul, 1992). With regard to dyadic cooperative relations, the larger business is normally less dependent on the smaller partner due to its bigger action radius, or as Hancké (1998, p. 239) puts it, "The products that they [the small businesses] supply could, in principle, be found on a market without tremendous loss for the buyer". Whereas the smaller business is confronted with constraints regarding e.g., the access to alternative resources and the construction of capacities for self-provision, can the larger partner – even if the smaller business is the single source of supply – create resources on its own, if only acquiring the smaller partner (Roessl et al., 2010). Accordingly, one problem lies in the fact that the leeway for opportunism on the part of the larger business can make the smaller business the less powerful cooperation partner, thus making cooperation with a larger partner risky for the smaller business. However, given that small businesses – aside from cost-related and financial barriers – often lack the time to install their own production capacities or global distribution systems, etc., their resource dependency often forces them into asymmetrical exchange relationships (Combs & Ketchen, 1999).

But also the larger business can experience dependency issues within asymmetrical cooperation. This is the case if the smaller business brings resources into the cooperation, such as its exclusive technical skills or its specific know-how regarding the specific environment, which the larger partner can create only with disproportionate efforts. Apart from the access to resources at moderate engagement levels, the lack of means to integrate these resources (time, costs, and legal requirements) can be a decisive factor for entering into asymmetrical inter-firm relations with smaller businesses, thus making also the larger business dependent on the smaller partner (Roessl et al., 2010).

Nevertheless, it can be assumed that because of the smaller business's higher resource dependencies, the larger business will be the more powerful partner that can change the structure of the cooperation unilaterally in his or her own favour. These unequal power distributions associated with the differences in dependencies can issue a challenge to the different-sized cooperation partners, especially with regard to the development of the cooperation (Chrysostome, Beamish, Hébert, & Rosson, 2005; Velez, Augustin, & Sanchez, 2008).

2.2. *Prerequisites for cooperation between family businesses*

With regard to cooperation development, numerous determinants have been identified, mainly on the part of the cooperating businesses' key actors being in charge of initiating and managing the cooperation (see e.g., Currall & Judge, 1995; Mehta, Ito, Mazur, & Anderson, 2013). However, most of these studies do not account for the specific organisational context the cooperating businesses are embedded in (Niemelä, 2004). Thus, the identified cooperation determinants cannot simply be transferred to the family business context. Instead, against the background that family businesses possess unique characteristics that result from the "systems interaction between the family, its individual members, and the business" (Habbershon & Williams, 1999, p. 11), Roessl (2005) identified the following business-related prerequisites for cooperation between family businesses: (1) organisational slack (or the difference between existing resources and activated demands; March & Olsen, 1976), (2) independence considerations, (3) reputation for being trustworthy, and (4) similarity to the family business partner.

Due to the overlap of business and family spheres, the *resources* of family businesses have been characterized as constituting a unique organisational context (Goel, 2013; Westhead & Howorth, 2006). In fact, their specific bundles of resources and capabilities (Sirmon & Hitt, 2003) like familiness (Chrisman, Chua, & Steier, 2005; Chrisman, Chua, Pearson, & Barnett, 2012), social capital (Arregle, Hitt, Sirmon, & Very, 2007) and specific patterns of ownership, governance and succession (Chua, Chrisman, & Sharma, 1999) have been characterised as unusually complex, rich and dynamic (Hatak & Roessl, 2013). However, despite their rich resource base, family businesses often cultivate a philosophy of thrift so that they "rarely possess the organisational slack necessary to set up cooperation arrangements" (Roessl, 2005, p. 207). Therefore, it is important that family businesses continually evaluate their resource bases in order to identify unused resources ("organisational slack") that can be combined with complementary ones of other family businesses in terms of a cooperative arrangement to establish "the foundation for developing a competitive advantage, particularly when collaborators share an administrative heritage" (Chirico et al., 2011, p. 486).

However, due to the double role of family members as partners in the business and as members in the family, family businesses face specific challenges regarding information sharing (Hatak & Roessl, 2013), decision-making (Eddleston, Otondo, & Kellermanns, 2008), and interaction with stakeholders (Filbeck & Smith, 1997). In fact, family businesses perceive themselves often as independent from external stakeholders and try to avoid dependencies, e.g. from financial institutions. Due to this "myth of independence" (Roessl, 2005, p. 210), developing cooperation with another (family) business is therefore often perceived as major loss of *independence*. Although the ability to survive independently from the cooperation partner is crucial for cooperation success (Roessl, 2005), independence considerations that are too strong hinder the initiation of inter-firm collaborations between family businesses. Therefore, the fixation on independence has to be overcome in order to favour a cooperation decision (Roessl, 2005), which in turn can foster independent business survival to a large extent. To be precise, it is important that the whole family or at least the family members active in the business develop a positive attitude towards cooperation so that they can set up a cooperation arrangement more easily as there will be less opposition from the family.

In order to be considered as a cooperation partner in the first place, the family business needs to have a *reputation for being trustworthy*; yet this characteristic is to a large extent concealed before entering into a cooperative relationship (Hatak & Roessl, 2013). Trust therefore rests on the accredited intensity and stability of the partner's motivation (Fink, 2010; Sharma, Chrisman, & Chua, 2003). In the course of assessing the family business' behavioural intention regarding the cooperation, the potential partner is confronted with subjective uncertainties concerning the latter's real preferences and also with objective uncertainties concerning the effects of exogenous factors and the behavioural restrictions. Therefore, in the course of assessing the family business' trustworthiness, the potential partner will strive for reducing his or her subjective uncertainties with the help of additional information. However, as information gaps cannot be completely closed, trust requires the extrapolation of existent information from the past into the future (Luhmann, 2000). As family businesses tend toward long-term personal relationships and communicate the corresponding long-term orientation authentically, they are in principle favoured for being perceived as trustworthy cooperation partners (Roessl, 2005). In order to strengthen this reputation further, and thus fostering cooperative relationships with other family businesses, it is recommended that family businesses signal not only their technical skills and capabilities, but especially their relational competence (Hatak & Roessl, 2011), which reduces behavioural uncertainty on the part of the potential cooperation partner.

Against this background, it can also be assumed that family businesses with *similar identities*, i.e. similar work practices and values, or cultures (Roessl, 2005), are more likely to cooperate with each other. That is because traditional fundamental beliefs of family businesses such as priority of the individual over the organisation and loyalty coming before qualifications create communication barriers to nonfamily businesses (Zellweger, Eddleston, & Kellermanns, 2010), but facilitate mutual understanding and therefore cooperation between family businesses. In this regard, Roessl (2005, p. 206) states that "similarity increases the possible means of creating attractive cooperative "resource pools" and facilitates operational coordination because differences in styles and outlooks can be disruptive." This implies that the oftentimes informal structures in family businesses have to be made explicit if they are to be coordinated with potential cooperation partners.

Now that, on the one hand, the business-related prerequisites for inter-firm cooperation between family businesses, and, on the other hand, the challenges regarding asymmetrical cooperation have been identified and outlined as theoretical concepts, the question is which role these prerequisites play in practice within cooperation between different-sized family businesses.

Table 1
Case descriptions.

	Private brewery	Whisky Distillery
Founded in	1780	1995
Owned and managed by	Karl S. (fifth generation)	Johann H. (second generation)
Size	Approx. 100 employees	9 employees
Product range	11 types of beer and two specialist products such as a beer brandy (market share of 2.3%)	Five different types of “Forest Quarter Whisky” and tourism (Whisky Experience world with 80,000 visitors in 2012)

3. Research design and case description

3.1. Case study design

This empirical analysis follows an interpretive, qualitative approach (Saunders, Lewis, & Thornhill, 2012), employing a single case study design, as suggested by Yin (2009), which is “one of the best (if not the best) of the bridges from rich qualitative evidence to mainstream deductive research” (Eisenhardt & Graebner, 2007, p. 25; see also Karra, Tracey, & Phillips, 2006 for the family business context). This single case study design attempts to create a balance between analysing the dialogues between two parties and tabulating the specific situations they find themselves in (Eisenhardt, 1991; Yin, 2009).

In order to gain a practical understanding (Yin 2009) of resource- and power-dependence inter-firm relationships within the family business context, one specific asymmetrical cooperation between two family firms of different size was analysed. In order to carry out this analysis, an extensive, qualitative content analysis was conducted, with the aim of forming the basis of storytelling (Lang, Fink, & Kibler, 2014). Theoretically underpinned and historically and regionally embedded, this type of storytelling focuses on the unique, non-replicable dynamics of the family businesses involved and the specific resource-exchange-processes that take place throughout the cooperative process and the resulting power-dependency issues that emerge during this experience (Lang et al., 2014). This highly contextual phenomenon can only be fully explained through the rich description and deep understanding that single setting research and the subsequent storytelling allows (Lang et al., 2014), or as Eisenhardt and Graebner (2007, p. 25) put it, “case studies emphasize the rich, real-world context in which the phenomena occur”.

Despite the lack of opportunity to examine cross-case patterns (Eisenhardt, 1991; Eisenhardt & Graebner, 2007), these “stories” name concrete actors and sources of information (Lang et al., 2014), e.g. individuals, groups, organisations, instead of simply making figurative references to the issues discussed. Analysis in this particular case centres on the opinions and experiences of core family members (mainly the business owners) over time involved in the establishment and maintenance of the inter-family firm collaboration, in order to begin to make sense of the wider social phenomenon of which this is a case.

Data for the empirical study were gathered through a number of in-depth, narrative interviews with the relevant family business owners on location at the two businesses’ premises in Lower Austria. Specifically, several narrative interviews were conducted between 2010 and 2012 (triangulation in terms of time horizon), thus allowing for iterations and developmental conclusions regarding the family business cooperation. Access to company documentation was also made freely available to the authors, further enriching the contextual picture and allowing for more robust conclusions. Although there is a limited number of respondents, since single-case studies constitute a theory-building approach that is deeply embedded in empirical data, gathering data through interviews over time and combining it with factual information allows to produce theory that is accurate, interesting, and testable (see Eisenhardt and Graebner, 2007). The discussions were recorded and transcribed.

3.2. Background and introduction to the case businesses

The case introduced can best be described as a “dyadic cooperation”. This type of cooperation is defined by Roessl (2005, p. 203) as the close inter-firm relationship between two legally independent businesses that adjust their behaviour to a joint course of action in a specific area of their business activities with the aim of realizing joint benefits in the long run (see also Lado et al., 2008). Specifically, this case examines the partnership between two family businesses, a private brewery and a whisky distillery and their joint creation of a new artisan, beer-based brandy drink. Both firms are based in the Waldviertel (Forest Quarter) region of Lower Austria. The two business owners pride themselves on their regional emphasis and on remaining an integral part of the community in which they operate. Both firms also have a strong family focus with multiple generations active in the day to day running of both organisations. The rest of this section introduces the two companies in greater detail.

3.2.1. Case business 1—the private brewery

The private brewery is steeped in long-standing family traditions and represents the larger partner in this particular cooperation. The brewery was established in 1780 and has remained in the ownership of the same family since 1890. The company, now headed by Karl S. (5th generation), employs a team of more than one hundred staff.

Through an extensive knowledge in brewing technology, the company now boasts a product line of over 11 types of beer, as well as two specialist products (including the beer brandy, produced in cooperation with the distillery). Production volumes have steadily increased over the years and reached over 200,000 hl in 2010, an approximate daily output level of over 250,000 bottles of beer. In terms of productivity, these figures show that this particular brewery compares favourably with other similarly sized breweries in Austria. Turnover levels of the brewery reached ca. 21 million Euro in 2010. Austrian market share levels have remained around 2.3%, with the majority of sales coming from the brewery’s local area in lower Austria, where their beer is the best selling beer, and also from nearby Vienna, where the core product ranks as the fifth best selling beer.

The brewery is actively involved in the local community; not only through its role in creating secure jobs for local people, but also by leading projects to encourage tourism in the area, through cultural and culinary experiences promoting local produce. The brewery believes their success comes down to the fact that they source a large percentage of their ingredients from the local area, which further emphasises this connection to the region. On site at the company’s headquarters, visitors have the opportunity to take an informative tour of the brewery to see the brewing process in action. After completion of the tour, there is the opportunity for guests to sample and purchase the end product in the “Beer-Shop”.

This in-house beer shop has also played a central role within the cooperation with the whisky distillery, as it served as the main meeting point for the two cooperation partners during the initial phases of the development process regarding their joint product.

3.2.2. Case business 2—the whisky distillery

Situated a mere 30 km away from the brewery, and also in the forest quarter of lower Austria, lays Austria's number one whisky distillery. In 1990, the current owner of the distillery (Johann H.) inherited his parent's farm. Due to economic difficulties, in 1995 he took the decision to establish a second source of income. This second source of income was to be a schnapps distillery. Through a process of trial and error and "learning by doing", the initial whisky was ready to be presented to an expectant public three years later. This product line extension at the farm led to an increase in visitor numbers, and the income generated from these extra visitors allowed the farm to expand further through erecting warehouses for extra storage and investing in high performance distilling equipment. Similar to the brewery, a sense of "localness" also prevails at the distillery, with many ingredients obtained from the local area, or even grown on site.

The building of the Whisky Experience World followed in the years 2004 and 2005. From this time on, interested parties have been able to book tours and get a glimpse into the world of whisky and its production. This experience includes a cinema, a show explaining the whisky distilling process, tasting opportunities, a fire-water garden, a play area for children and an outdoor adventure area. The offering is completed through a whisky cafe and a distillery shop. This shop serves, after the website, as the most important distribution channel for the firm with over 90% of sales resulting from this ad-hoc, on-site purchasing. In 2012, the family firm welcomed over 80,000 visitors from all over Europe to the farm; this is one of the main reasons why the distillery has been named the "top visitor attraction" in Lower Austria since 2011.

Today the company employs nine full-time team members, including both the owner and his wife, most recently, their daughter has joined the team in a marketing role. The product range continues to grow in prestige and reputation and now includes over five different types of "Forest Quarter Whisky", amongst which includes that produced together with the brewery.

3.2.3. Development of the cooperation

The starting point of the cooperation between the brewery and the distillery was the chance meeting of the two business owners during a business summit at their local Chamber of Commerce, at the beginning of 2005. Interestingly, despite the close geographic proximity, the two parties had never met each other personally before this occasion. However, from the side of the brewery, they were aware of the high quality of the products of the distillery as well as of the Whisky Experience World, which attracts tens of thousands of visitors per year. On the other side, Johann W. perceived the brewery as a renowned company in light of quality and their marketing endeavours. Initial introductions during the business summit were made by a mutual acquaintance, who has been described as "*the instigator of the partnership*" (Johann H.). After initial discussions on possible directions for cooperation, the idea of the artisan "beer brandy" was developed. The brewery already had an offering of this sort in their product line, through cooperation with another distillery. However, they were not entirely satisfied with the quality of the end product. Johann H. from the distillery had also considered the ideas of producing an artisan drink, combining beer and whisky. These early ideas intensified and grew from these preliminary meetings and were cemented through a mutual admiration of the business owners for each other's product: "*It was a partnership that became obvious to both of us. It works from the perspective of the look, from the perspective of quality, it works from the perspective of the people involved and it works from the perspective of a partnership between two people from the Forest Quarter*!" (Rudolph D., Brewery).

In addition to the specialist brewing and distilling knowledge of both parties, there is also a great deal of social compatibility, in terms of company mission and vision and also in the values of the two businesses. In fact, the brewery's mission is based on the four pillars of customer contact, quality, tradition (also in terms of involving family members) and regional connection. The distillery emphasizes quality, tradition, and professionalism in their mission statement and takes pride in their Austrian heritage (as shown on the respective homepages). Leading on from these similarities as to the companies' missions, the integration of family members or the "familiness" of the two firms is also seen as being very meaningful and relevant for the long-term success of this particular cooperation. As of 2014, the cooperation is still successfully ongoing.

4. Discussion of findings

The following section presents the main findings based on the content analysis of interview transcripts. The analysis is structured according to a number of various key themes introduced previously, which attempt to categorise business-related prerequisites of dyadic cooperation between family businesses (Roessl, 2005). According to Roessl (2005, p. 206) these antecedents of successful cooperation, can be defined as "the ability to survive independently of partner, a surplus of resources, similarity to other family businesses and finally, the development of trust capital". As regards our case, through content analysis of the interview discussions, each of these four key antecedents reveal themselves in a slightly different way throughout the conversations with the business owners. Although on the surface this partnership appears to be equal, by examining each of these variables separately we reveal a slight power imbalance in favour of the larger partner.

Firstly, we regard issues concerning the *need for independence*. In line with Roessl's (2005) thoughts on the family business's desire for autonomy, in this case both businesses aim to remain as independent as possible. Particularly the smaller partner sees a lack of dependence on other actors as a key strategy decision: "*Our main business philosophy is to remain as autonomous as possible*" (Johann H.). This self-determination, according to Johann H., allows the distillery to "*have a large amount of freedom when it comes to targeting customers and in setting pricing*", meaning that it is highly probable that they would continue to be successful in the unlikely event of the cooperation falling apart at any time in the future. What's more, the jointly developed product does not represent a core product for either company; therefore although the extra sales are welcome, they are not essential for survival. Heinz W., Brewery, points out that: "*This is not a product where we have invested a lot of capital, so we donít have to consider recovering costs. . .If deliveries are delayed for any reason, we have a large enough range to cover this with our other products.*" However, despite claims from the distillery, that the "beer whisky" is also a niche product for them, Johann H. does admit to a higher level of dependency on the cooperation. This dependency is both in terms of sales as well as in terms of synergies to existing products: "*It does represent a high value product to us–especially when compared to other whiskies blended with fruit, which only bring us a few percent.*" (Johann H.).

As determined in the theoretical background section of this paper, this higher level of dependency on the resources of a partner can be understood in both a constructive and damaging sense (Roessl et al., 2010) and can subsequently be viewed as an opportunity, as this dependency reinforces the significance of the services received and with it, the value of the cooperation arrangement for the smaller partner. However, high levels of dependency can also be perceived as a threat, as this reinforces the increased risk that the large business – once it has decided that it has extracted all of the necessary resources from the small business – will then exploit its stronger position and change the parameters of the cooperation agreement (that is, the sunk-cost problem) (Table 1).

The problem, therefore in this case, lies in the fact that the smaller business has to a certain extent been pushed into cooperation due to its resource dependency on the brewery (brand, reputation, the ability to sell the end product as a regional product). This provides a degree of scope for opportunism on the part of the larger business, who states that they would be able to simply substitute the distillery for another if required: "*If we don't want to work with this particular distillery anymore, we could have a new partner in place almost straight away*." (Heinz W.).

Secondly, we also see minor inequalities emerge in the relationship, in terms of levels of the available *organisational slack*. From the outset, each firm has brought their own set of existing resources (in terms of production facilities) into the cooperative arrangement and as a result, neither partner has had to invest large amounts of capital in expensive new equipment or extra staff to make the new drink a reality. *"We had to invest in a minor piece of equipment required to deliver our product to the distillery but it was–in comparison to the sales generated–peanuts*." (Heinz W.). Moreover, each business owner has brought his own distinctive capabilities and skills into the project: "*The brewery has a very large advertising budget, which obviously helps us enormously when it comes to increasing our media presence."* (Johann H.).

Nonetheless when we look at the amount of resources invested compared to the size of the businesses in this case, we note disproportions in contribution. To begin with, in production, the brewery simply delivers the beer to the distillery, and purchases back the end product with exclusivity, after the distilling process has been completed. This involves very little extra effort on the part of the brewery, as it already possesses the appropriate delivery vehicles and logistics know-how to make this happen: "*We organised the agreement in this way because it involves very little extra work for us*." (Heinz W.). On the other hand, in spite of being the smaller partner, the distillery has a much more complex task. They are responsible for all tax implications associated with the jointly created product: "*Johann takes care of all the tax declarations, which can be complex in this industry*. . .*and sells us the product back inclusive of all tax, this saves us a lot of administrative work*." (Heinz W). The distillery has also been required to invest more managerial time in terms of expert knowledge when calculating quantities required: "*Johann H. has to calculate the quantities of beer, how much alcohol is in the brandy, the quantity of bottles required, the quantity of labels, the quantity of cartons, etc.*" (Heinz W.).

Therefore, in concurrence with Roessl (2005), we suggest that as well as the necessary spare production capacity, asymmetrical partnerships between family businesses also require this surplus managerial capacity (in terms of time and know-how), especially during the setting up of the cooperation and principally on the part of the smaller partner.

Despite the aforementioned dilemma concerning resource dependency and discussed issues surrounding the slightly skewed power distribution in this cooperation, both parties, state that they place a lot of value in this particular partnership and are keen to see the collaboration continue into the future: "*It has been a lot of fun, a new experience for us*. . .*a positive cooperation, a positive collaboration*. . . *Let's see what emerges out of it*" (Johann H.). We suggest this existing success of this cooperation and willingness to make the partnership work can be attributed to two main factors: *Similarities* between the two firms and the building of *trust capital*.

Although the above mentioned differences in size represent challenges, we have already demonstrated that in this case there are a lot of similarities between the two businesses and their relative owners. First and foremost both firms are family businesses. This "familiness" brings a large number of inherent similarities in terms of leadership style and organisational culture (e.g. long term perspective, people rather than market orientated, concern for the local community, striving for independence). These similarities ease the facilitation of communication and the establishment of aims and objective at the start of the collaborative project. According to the wife of Johann W., who is also involved in the family business and cooperation, *"There is no longer the need to discuss everything in great detail. We simply become attuned to one another."*

Both the brewery and the distillery also take very similar approaches to engaging with the local community. They are also acutely aware of the wider implications for the area if the cooperation fell apart: "*The local people really like it today when there is a partnership between two businesses from the Forest Quarter and not between us and a company from another region in Austria, or from further afield. Therefore the region remains very much in focus for this cooperation."*(Heinz W.).

However, it should also be recognised that while there are a number of observable parallels in organisational structure and history between the distillery and the brewery, there are also a number of important variances in terms of core competencies. These differences result in attractive exchange structures for both parties, e.g. the brewery gains access to the distilling knowledge of the distillery and the distillery gains access to the brewery's extensive marketing and branding expertise.

The final, and arguably the most important element of the case analysis, focuses on the crucial role that trust plays in the success of asymmetrical inter-family firm cooperation. As determined by Roessl (2005), trust primarily means having sufficient levels of positive expectations regarding the partner's behaviour to feel able to commit valuable resources (for example, finance, know-how, etc.) to the cooperation with that partner, despite the risk that the partner might take (unfair) advantage of this relationship and abuse this trust (Hatak & Roessl, 2013).

In the case of the brewery and distillery, we find a partnership deeply rooted in trust, respect and "*good chemistry*" (Heinz W.) between the two actors where issues can be settled "*with a handshake*". The two business owners grew up in the same area in Lower Austria, have the same connections and continue to move in the same circles in their professional lives. Both firms believe that this high level of trust is so embedded in the cooperation that neither owner feels the need, nor the desire to formalise or hinder this trust through the signing of legal agreements, contracts, or by stipulating minimum order quantities: "*We don't hide behind legal jargon, or contracts, everything is open, free and transparent, this way everyone knows where they stand*." (Heinz W.).

The building of this "trust capital" (Roessl, 2005, p. 206) has been established through open communication and through both the brewery and the distillery proving themselves to be trustworthy and honest business partners in the past. The two businesses stake their *reputations for being trustworthy* on being open and reliable, especially when it comes to settling invoices and paying their suppliers in a regular and timely fashion: "*I value partners that pay their invoices exactly on time, and we do the same*." (Johann H.). This reliability when it comes to accounts payable eliminates the need, according to Johann H., for the sending of reminders or uncomfortable phone calls to chase payment which can quickly sour relations between partners.

In summary, despite the typical higher level of dependency of the smaller distillery, and resulting power imbalance (Roessl, 2005), analysis of this particular cooperation does overcome the identified challenges in traditional asymmetrical, dyadic cooperation between family businesses. The similarity of the businesses, in terms of values and culture means in this case that trust has been implicit in the relationship from the beginning. This has been made possible through open and honest communication and the personal admiration that the two business owners have for each other, also due to their reputation for being trustworthy.

5. Conclusion

In line with previous studies (see for example, Hatak & Roessl, 2011; Niemelä, 2004; Roessl, 2005; Roessl et al., 2010), we can conclude from our content analysis that despite both distillery and brewery owners stating that they believe they are in an equal partnership, evidence quickly emerges from the interviews that suggests a power imbalance in favour of the larger brewery in terms of the dependency and resources invested. Despite this disparity, the cooperation has continued to flourish. We propose that this can be attributed to several factors. Firstly, it is the similarity between the two businesses, not in terms of size of operations but in terms of vision, values and "familiness". Also, the brewery and the distillery see a lot of significance in their role as a local family business and take this responsibility seriously; this can go some way to reduce the risk of the larger brewery taking advantage of the smaller distillery, as reputations can be quickly ruined due to close community ties.

Another key success factor in this particular cooperation is the building of a proven track record as a reliable and trustworthy business partner (Eddleston, Chrisman, Steier, & Chua, 2010). This establishes the necessary amount of trust capital and may also help to diminish the risk to the smaller partner of opportunism on the part of the larger business. The result of this trust in inter-family firm cooperation is an improved communication flow and a reduced need for costly legal intervention.

Thirdly, we suggest that organisational slack is also essential to producing the necessary contributions to the cooperation. An appropriate amount of production and managerial capacity is necessary so that the development and production of the co-developed product does not interfere with the day to day functioning of either business.

The final success factor we identify is the recognition that no business can exist completely independently of their environment and both parties in this case are quick to recognise the unique contribution the other brings to the partnership. These dimensions empirically underpin Roessl's (2005) proposed prerequisites for cooperation and illustrate that despite obvious differences in size, through a combination of trust capital and careful recombination of existing resources asymmetrical cooperation between family businesses can overcome typical power imbalances and endure over long periods of time.

At least two limitations of the present study may serve as an impulse for follow-up studies. First, our case study embeds the abstract concept of inter-firm cooperation between different-sized family businesses in specific industry and regional contexts, which helps to develop rich understandings of the cooperation development process and the associated dependencies, but at the same time limits the generalisation of the findings regarding inter-family firm cooperative relationships with regard to different industry and regional contexts. Therefore, future empirical studies are needed to enhance the generalisability of our results. Second, our theoretical elaborations on cooperation between different-sized family businesses show the need for more conceptual work on the topic. With regard to an adequate theoretical perspective, it seems as if new systems theory (Luhmann, 1995) is a promising theory for the further in-depth development of cooperation between family businesses of different size. Systems theory is capable of analysing the family and the business system and shows a high potential to sufficiently understand not only different types of social systems (e.g., family, business, cooperation as a specific type of organisation), but also their complex coupling in a family firm context (Von Schlippe and Frank, 2013).

Notwithstanding the limitations discussed above, the present study provides new theoretical and empirical insights into the successful formation and long-term sustainability of inter-family firm cooperation. The contributions of our case study focusing on cooperation between different-sized family businesses are at least twofold: our in-depth analysis helps to develop a more fine-grained and deeper understanding of the favourable factors influencing the positive development and maintenance of cooperation between family businesses of different size. Based on the findings, we suggest that the notion of appropriate organisational slack, a shared history and synergies between the two partners, as well as a large amount of trust, represent the essential foundations on which inter-family firm cooperation can be built and sustained over long periods of time. In developing this notion further, subsequent research could well focus on whether these findings can be replicated across a wider range of geographical and industrial contexts, in order to determine which role national culture, as well as organisational culture could play on the success of cooperation between family businesses.

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