

TRADICIONALNE VREDNOTE V DIGITALNI DOBI: ŠTUDIJA PRIMERA DRUŽINSKEGA PODJETJA

ANASTASIYA NIKOLAEVA STOYANOVICH, MIHA MARIČ

Univerza v Mariboru, Fakulteta za organizacijske vede, Kranj, Slovenija
anastasiya.s@student.um.si, miha.maric@um.si

Družinska podjetja, kot posebna oblika podjetij, se pogosto soočajo s konfliktom med tradicijo in potrebo po digitalizaciji. Analiziramo konkreten primer družinskega podjetja, ki se ukvarja z mednarodnim poslovanjem, in raziskujemo konflikt med starejšo generacijo, ki poudarja osebni stik, in mlajšo generacijo, ki favorizira digitalno komunikacijo. V okviru raziskave so predstavljeni vidiki digitalizacije, ki kažejo na prednosti sedanje komunikacije, vključno z elektronsko pošto, video konferencami in družbenimi mediji. Tradicionalne vrednote, kot so osebni stik in zaupanje, so prav tako podrobno analizirane in poudarjene kot ključne v poslovanju družinskih podjetij. S študijo primera prikazujemo konkreten primer generacijskega konflikta v družinskem podjetju in raziskujemo, kako so z združevanjem tradicionalnih vrednot in digitalnih orodij dosegli uspešno mednarodno sodelovanje. Razprava poudarja pomembnost ravnotežja med tradicijo in tehnologijo, medtem ko zaključek izpostavlja potrebo po dialogu in izobraževanju med generacijami za doseganje harmonične kombinacije tradicije in sodobnih tehnologij.

Ključne besede:

družinsko
podjetje,
tradicionalne
vrednote,
digitalizacija,
poslovno
sodelovanje,
podjetništvo

TRADITIONAL VALUES IN THE DIGITAL ERA: CASE STUDY OF A FAMILY BUSINESS

ANASTASIYA NIKOLAEVA STOYANOVICH, MIHA MARIČ

University of Maribor, Faculty of Organizational Sciences, Kranj, Slovenia
anastasiya.s@student.um.si, miha.maric@um.si

Family businesses, as a distinct form of businesses, often face a conflict between tradition and the need for digitization. By analysing a specific case of a family business engaged in international operations, we explore the conflict between the older generation, which emphasizes personal contact, and the younger generation, which favours digital communication. Within the research, aspects of digitization are presented, highlighting the advantages of current communication, including email, video conferences, and social media. Traditional values, such as personal contact and trust, are also thoroughly analysed and emphasized as crucial in the operations of family businesses. Through a case study, we illustrate a concrete example of generational conflict in a family business and investigate how the successful international collaboration was achieved by combining traditional values and digital tools. The discussion underscores the importance of balancing tradition and technology, while the conclusion points to the need for dialogue and education between generations to achieve a harmonious blend of tradition and modern technologies.

Keywords:

family
business,
traditional
values,
digitalization,
business
collaboration,
entrepreneurship

1 Introduction

A family business is a venture established and run by members of a single family. It is not just a business owned by a family; it is a business or even an enterprise in which the family significantly influences management, decision-making, and relationships within the company (Duh, 2003). It is emphasized that family businesses have specificities in organizational structure, culture, and decision-making compared to other enterprises.

The dynamics of family businesses often involve conflicts between traditional values and the necessity of digital transformation. There is a clash of opinions between older and younger generations when it comes to business practices, a consequence of the times we live in and the technology that surrounds and complements us.

Traditional values in business encompass certain principles and practices that have evolved over time and are often associated with older generations. In the context of family businesses, some classic elements of traditional values include personal contact and building trust through personal relationships. The traditional approach to business negotiations involves the physical presence of all parties during the negotiation process. This may stem from the belief that trust and mutual understanding are best developed through direct contact. Family businesses often strive to build long-term relationships based on mutual trust and loyalty (Howorth and Robinson, 2021).

Digitalization brings a variety of changes to the operations of family businesses in today's contemporary business world. Digitalization facilitates remote work and virtual collaboration (Klungseth and Tønsberg, 2023). Family members and employees can communicate and collaborate regardless of physical distance, improving team efficiency and enabling work from different locations.

The implementation of digital tools while respecting tradition can create a foundation for the successful operation of family businesses in the modern business environment.

2 Literature Review

2.1 Digitalization

Digitalization involves transitioning from traditional analogue methods to digital methods in order to optimize and enhance processes, services, and communication. It represents the adoption of technology, implying a change in the way things are done, with the aim of being better, faster, and more efficient (Zhang and Duan, 2023).

Digital transformation is a comprehensive process of applying digital technologies to change business models, processes, activities, and organizational culture to achieve greater efficiency, competitive advantage, and improved customer experience. In simple terms, digital transformation is the process of incorporating digital technology into an organization and its individual components (Ferreira, 2023). Different companies react differently to digital transformation, employing various steps and achieving different levels of success.

Digital technologies, such as email, instant messaging, and social media, enable instant communication regardless of geographical distance. This contributes to the rapid exchange of information and facilitates real-time collaboration. E-mails and various messaging apps have become key means of communication in both business and personal environments. The swift delivery of messages allows for efficient information exchange among individuals, teams, and organizations. Video conferencing technologies, like Zoom, Skype, or Microsoft Teams, provide the opportunity for virtual meetings in real-time.

They are particularly useful in business environments as they allow people to collaborate without the need for physical presence. Businesses worldwide continue to undergo digital transformation to adapt to rapid changes in technology. This involves the implementation of digital technologies in various aspects of operations, including data management, process automation, cloud technologies, and other innovations (Klungseth and Tonsberg, 2023).

2.2 Traditional Values

Traditional values often play a crucial role in shaping the identity of family businesses and influence their approach to business management. In addition to implied loyalty, mutual support, heritage preservation, ethics, and innovation within tradition, family businesses typically base their operations on personal contact, through which trust and security are established. Personal contact, also known as "face-to-face" communication, allows for direct interaction and the creation of personal connections between business partners (Somboonvechakarn, Taiphapoon, Anuntavoranich and Sinthupinyo, 2022).

Face-to-face communication enables the building of trust, which is crucial for successful business operations. It aids in understanding the needs and expectations of business partners, facilitating the transmission of the company's values, mission, and vision. In this way, it contributes to preserving the legacy and long-term identity of the business.

Personal contact facilitates communication, reduces the possibility of misunderstandings and conflicts. Communication is a two-way process in which individuals exchange information, with words constituting only 7 percent, intonation and voice tone making up 38 percent, and body language accounting for a significant 55 percent (Blauet, 2012). Body language is the most crucial aspect of communication because it provides a complete picture and confirmation of whether words align with nonverbal communication (Blauet, 2012). Eyes, for instance, indicate discomfort or insecurity during a conversation. Direct eye contact signifies interest in the conversation and the topic, indicating trust and honesty. Avoiding eye contact, on the other hand, may suggest discomfort, an unpleasant feeling, or a desire to hide feelings or the truth (Ule and Ule, 2005).

Nervousness and discomfort can be expressed through mouth or hand movements. Gesturing, such as waving hands while explaining something, emphasizes verbal communication and adds an emotional dimension. Facial expressions are powerful indicators of emotions and attitudes. Nodding one's head may denote agreement, while shaking it may indicate disagreement. An open body posture suggests confidence and readiness for communication, while crossed arms or a hunched posture may indicate insecurity or closedness (Blauet, 2012).

Voice tone can convey the emotional tone and meaning of a message. High tones may indicate excitement, while monotone delivery may seem dull or disinterested. Facial expressions directly express emotions, with a smile indicating joy or kindness, and a frown expressing dissatisfaction or disapproval. Touch can convey support, friendship, or encouragement. A handshake typically signifies welcome or agreement, while a pat on the shoulder may be a sign of support (Ule and Ule, 2005).

Through the mentioned nonverbal communication, a person expresses their feelings, which are often impossible to conceal with words. It actually provides the interlocutor with feedback and instils (dis)trust (Ule and Ule, 2005). We will agree that when forming international collaborations, there is a lower possibility of organizing personal contacts, and this is what can pose a challenge in family businesses. Because that small difference, which in this case is trust, is sometimes crucial for the decision to collaborate.

Basic traditional values such as respect, integrity, and honesty are certainly mandatory when making agreements and can be expressed even through digital collaboration (Howorth and Robinson, 2021). However, what is missing in that situation is the personal contact, which conveys a sense of trust. Attention to the client, care for the partner, and dedication to product quality contribute to adapting business operations to the specifics of each client.

3 Case Study

Situations where conflicts arise between the traditional values of a family business and the demands of the digital age often stem from a generational gap in technological acceptance. The generational gap in technological acceptance poses a significant challenge that can lead to conflicts between the traditional values of a family business and the needs of the digital age. Older generation members, often rooted in traditional values, may encounter resistance to the adoption of digital technologies or changes in work processes that these technologies bring about. On the other hand, younger family members, who have grown up in the era of digitization, may have a different approach and greater openness to new technologies.

In a specific example of a family business engaged in selling its products beyond the borders of its home country, we have identified a generational conflict regarding the approach to potential international collaborations. The older generation, who are also the founders of the company and its operations, insists on traditional values and personal contact when negotiating potential partnerships, while the younger generation is more adaptable to digital communication but lacks sufficient experience in deal-making.

International collaboration involves establishing business relationships between organizations or individuals from different countries to achieve common goals or exchange resources. Once the family business identifies its own goals, in this case, entering a new market, the process involves finding a suitable buyer. In family businesses, such as the one in our example, there is familiarity with competitors, existing collaborators, and acquaintances in the same line of business. Often, there is an exchange of experiences related to collaborations with customers. Information about experiences with a specific customer is shared, leading to an assessment of reputation, reliability, compatibility, and then a decision is made about whether the customer is a suitable candidate for collaboration.

After identifying potential partners, negotiations on the terms of collaboration follow. This includes defining roles, responsibilities, the scope of collaboration, as well as rules and conditions under which business will take place. Therefore, the manner in which these negotiations take place is crucial.

Introducing a company to a new market and unfamiliar potential partners or customers is one of the more challenging aspects of business, but at the same time, it can be a crucial phase in expanding business horizons. Understanding local needs and market specificities is essential for a successful company introduction. Products and services should be adapted to meet the needs of the target audience in the new market. Each market has its own peculiarities and cultural contexts. Different languages, values, business norms, and customer expectations can be obstacles that require careful adjustment to create a positive impression.

Due to all these challenges, the approach to potential customers is of utmost importance. In the conflict of generations in our example family business, the idea emerged to try both methods when introducing themselves to a new potential customer – digital communication and personal contact based on traditional values.

The foreign potential buyer of the product or potential collaborator had never worked with the mentioned family business before and had not had the opportunity to hear about it. Our family business wanted to enter a new market, introduce itself to a potential collaborator, explain its business history, and offer products. The younger generation of the family business insisted on digital communication, explaining that digitization has become increasingly widespread and implicit in business over the years. They emphasized that it accelerates communication and the collaboration negotiation process by eliminating the challenges of business travel, overnight stays, meetings, hiring translators, and numerous demanding activities associated with personal contact.

In the French business market, there was one potential buyer and two different approaches. The first approach was through email, utilizing a very comprehensive, complex, and clear text. In this text, they briefly explained the origin, history, and what the family business had to offer. They also sent a link to the website as proof that they were not a scam, mentioned common collaborators as a guarantee that the family business had already had points of contact with people known to them. They received a response via email shortly after, indicating uncertainty and posing questions about what they could offer and at what prices. After the offer was sent, along with additional explanations and clarifications of certain points, there was no further response.

The second approach, involving a more complex process, was, unlike the first, very successful. The older generation insisted on oral communication with them. They hired an interpreter who conducted a phone call directly with the company that was a potential collaborator. The family business introduced itself on behalf of the company, briefly explained what they do, without offering products and prices, but with the question of whether they were interested in scheduling a meeting in their country, at their address, to discuss potential collaboration.

Without hesitation, they agreed and scheduled a meeting. Then followed the organization of a business trip, transportation, accommodation, an agreement with the interpreter to be present via video call during the scheduled meeting, so that English as a universal language would not pose a barrier during the conversation.

The meeting went very successfully with the presence of a representative of the family business, who was a younger generation member, along with an interpreter on a video call. The potential collaborator had a personal interaction with the representative of the family business, during which he had the opportunity to gauge the level of seriousness, gain confidence, a sense of connection, and a pleasant atmosphere.

Besides the main business-related topic and collaboration, there were also casual conversations about everyday things, contributing to a relaxed atmosphere. When discussing prices and terms, there was room for negotiations and proposals, with both sides providing adequate arguments.

The additional involvement of an interpreter via video call eliminated the language barrier and potential discomfort due to misunderstandings. Engaging an interpreter via video call represents digital communication. Without technology, the company representative would have faced a language barrier, hindering smooth communication and clear understanding on both sides. The blend of traditional values with a touch of digitization facilitated the beginning of a successful collaboration.

Unknown collaborators or buyers can be cautious when establishing relationships with a new partner. Building trust takes time and consistency in fulfilling promises, providing quality services or products, and transparent communication. However, there is a need to gain at least a minimum level of trust during the first contact for any collaboration to take place and for the possibility of further fulfilling obligations, promises, and delivering quality.

3 Discussion

Implementing technological solutions that are intuitive, easy to use, and tailored to the specific needs of the family business can facilitate the acceptance of digitization. This includes adapting work processes to reflect the values of the family business, allowing family members to see direct benefits from the introduction of new technologies. Special attention should also be given to inclusive participation of all family members in the digital transformation processes (Somboonvechakarn, Taiphapoon, Anuntavoranich and Sinthupinyo, 2022). Distributing responsibilities, providing training for new technologies, and involving all members in the decision-making process can contribute to creating a shared understanding and direction.

Although digital collaboration can successfully convey fundamental traditional values through virtual interactions, the undeniable fact is that personal contact adds an additional layer of trust in business relationships. Personal contact allows partners to build emotional connections, creating stronger foundations for collaboration and long-term relationships (Ule and Ule, 2005). Despite the apparent challenges that come with physical distance, there are strategies that family businesses can employ to strengthen trust and a sense of closeness in the digital environment.

One approach is to organize periodic face-to-face meetings or business trips that enable team members to meet in person. These moments allow for a more informal approach to communication, strengthen team cohesion, and enable the sharing of ideas in a way that virtual platforms cannot fully replicate. Sometimes, it is necessary to invest a bit more in the process of establishing potential collaborations, which in this case would involve investing in a business trip to facilitate an in-person meeting with a potential partner. Business trips, in addition to financial investment, require a certain amount of time dedicated to organizing and conducting the meeting, especially if there is a significant geographical distance between two potential partners, but such an investment is often worthwhile and provides long-term results (Faas, 2023).

In new markets, there are often existing players who have already established their position. Finding a unique value proposition and strategies to stand out from the crowd can be challenging (Klaczak, 2023), which is why personal contact and oral communication provide an advantage.

When negotiating prices, disagreements often arise, opening up opportunities for negotiations that are easier to conduct in person. Presenting arguments and negotiating with a smile and a pleasant tone offer much more room for calculations and negotiations than a formal email, through which few would dare to ask for a lower price or better conditions. However, oral communication and the presence of both interested parties make reaching an agreement easier (Ule and Ule, 2005).

The older generation of the family business, advocating for a traditional approach, was guided by experience and, with its help, achieved a more successful outcome resulting in a successful collaboration. The collaboration continues from that point onwards through digital platforms, specifically via emails. Trust is further gained by fulfilling promises, conditions, regularity, fairness, and, of course, the quality of products. In addition, it is important to encourage open communication through digital means.

Regularly sharing information, achieving a clear understanding of expectations, and transparency in business can significantly contribute to building trust (Zhang and Duan, 2023). Although personal contact may be limited in the digital environment, family businesses have various strategies to preserve and strengthen trust in business relationships.

A combination of digital tools and carefully designed initiatives can result in efficient, connected, and confidential international collaboration. It is essential to show your collaborator that you appreciate and care about their business needs, while also respecting them as a person. Occasional interest in them, a kind word or compliment, greetings on religious holidays indicate deep respect and culture, further increasing the level of trust and appreciation, which is crucial in solid partnership relations.

Nurturing traditional values in a business environment shaped by digital technologies can bring significant advantages and contribute to creating a competitive edge. Traditional values such as integrity, responsibility, and transparency in communication play a crucial role in building trust among clients, partners, and employees (Howorth and Robinson, 2021). In the digital age, where information is easily shared and tracked, having a reputation for ethical and responsible business practices can be key to attracting and retaining clients.

Traditional values often form the core identity of a company. Companies that remain consistent with their values can attract consumers who share the same values, creating an authentic brand that stands out from the crowd. Traditional values do not necessarily have to be obstacles to innovation. On the contrary, when integrated into the innovation process, they can serve as guidelines for developing products and services that reflect ethical and social standards. This can attract clients who appreciate responsibility and sustainability.

4 Conclusion

To overcome the generation gap, it is crucial to establish dialogue and understanding between generations. Discussions about the benefits of digitization and ways in which traditional values can be preserved within new technological frameworks can be of paramount importance. Educating the older generation about the potential of digital tools and their application in business can help reduce the fear of change, while also conveying facts related to the significance of traditional values to the younger generations.

In essence, the generation gap in technological acceptance presents an opportunity for growth, innovation, and bridging the gap between the past and the future. Establishing dialogue, education, and collaborative efforts to implement digital solutions can result in a harmonious blend of traditional values and modern technologies within a family business.

Communication through digital platforms undoubtedly facilitates collaboration and enables faster and simpler access, which should be leveraged to ensure smooth business progress regardless of the geographical distance between partners. It is suggested that the initial discussion about potential collaboration should be a personal meeting to establish a sense of security and trust between the two partnering parties.

It is important to emphasize that the goal is not to abandon traditional values but to align them with the demands of the digital age. This allows the family business to retain its identity and heritage while adapting to new market conditions.

References

- Blauet, J. (2012). Looking for Verbal Communication in the Non-Verbal World: A Case Study of the Picture Exchange Communication System. (Master study). Ypsilanti Michigan: Eastern Michigan University.
- Duh, M. (2003). Družinsko podjetje. Maribor: Univerzitet knjižnica Maribor.
- Faas, L. O. (2023). Strategies Used by Small Traditional Retail Business Owners for Sustainability (Doctoral Study). Minnesota: Walden University.
- Ferreira, C. (2023). Digital Transformation of a Manufacturing Firm: A Matter of Combining Resources and Strategizing in Business Networks. Gothenburg: Chalmers University of Technology.
- Howorth, C. and Robinson, N. (2021). Family Business. New York: Routledge is an imprint of the Taylor & Francis.
- Klungseth, N. J. and Tønsberg, C. W. (2023). Digitally transforming FM standards and their development process: Allowing experts to focus on what matters. IOP Conference Series. Earth and Environmental Science, 1176, 012021.
- Klaczak, J. (2023). Succession Planning Strategies in Polish Family-Owned Businesses (Doctoral study). Minnesota: Walden University.
- Somboonvechakarn, C., Taiphapoon, T., Anuntavoranich, P. and Sinthupinyo, S. (2022). Communicating innovation and sustainability in family businesses through successions. *Heliyon*, 8 (12), e11760.
- Ule, M. and Ule, A. (2005). Psihologija komuniciranja. Ljubljana: Fakulteta za družbene vede.
- Zhang, D., Duan, Y. (2023). How Digitalization Shapes Export Product Quality: Evidence from China. *Sustainability* 15 (8), 6376.

