



COMPARATIVE STUDY OF FAMILY FIRMS IN TAIWAN | LATVIA | LITHUANIA



**Dynamic managerial capabilities,
organizational resilience, and
succession practices**

Executive Summary and Recommendations

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Foreword

Family businesses form the backbone of the economies of Latvia, Lithuania, and Taiwan

Over the past three years, our international research team conducted 18 in-depth case studies—six in each country—focusing on family firms in production, retail, and wholesale sectors.

THE STUDY EXPLORED THREE MAJOR THEMES:

Dynamic
managerial
capabilities

Organizational
resilience

Succession
planning and
generational
transition

Each case includes interviews with 2 family members and the non-family manager responsible for day-to-day operations. Interviews were transcribed, coded, and analyzed using MAXQDA software. Additional public information and company histories provided broader context.

Table of contents

04

SUMMARY

05

FOUNDERS' LEADERSHIP &
DYNAMIC MANAGERIAL
CAPABILITIES

06

ORGANIZATIONAL RESILIENCE
AND CRISIS RESPONSES

07

GOVERNANCE PRACTICES AND
FAMILY CONTROL

08

EMOTIONAL ATTACHMENT, FAMILY
IDENTITY & COMMUNITY TIES

09

SUCCESSION PRACTICES:
EXPECTATIONS AND REALITIES

10

RECOMMENDATIONS
FOR FAMILY FIRMS

11

ABOUT THE AUTHORS

Summary

Family firms across the three countries share strong values, long-term perspectives, and deep ties to employees and local communities.

These cases reveal common strengths and recurring challenges:

FIVE CROSS-COUNTRY LESSONS:



Founders possess strong intuitive leadership, built on early-life hardship, risk-taking, and hands-on management



Organizational resilience is deeply linked to reputation and trust, especially during crises such as COVID-19, geopolitical shocks, and financial downturns



Governance is still mostly informal, with critical decisions concentrated within the founding generation



Succession is postponed more often than planned, even when successors are active in operations



Next-generation leaders bring modern skills—digitalization, sustainability, international outlook—that complement founders' experience

THREE MAJOR DIFFERENCES ACROSS COUNTRIES:



High emphasis on employee well-being, community ties, and harmonious generational transition



Increasing formalization, stronger emotional identification with the business, more balanced multi-generation involvement



Founder-centered leadership, informal governance, late succession, strong reliance on intuition

FOUNDERS' LEADERSHIP & DYNAMIC MANAGERIAL CAPABILITIES

Across all three countries, founders began their businesses in environments shaped by transition, uncertainty, or capital constraints -

- ⇒ *Post-Soviet transformation in Latvia and Lithuania*
- ⇒ *Rapid economic restructuring in Taiwan*

LEADERS' STRENGTHS

- ⚡ Entrepreneurial intuition
- ⚡ Risk tolerance and adaptability
- ⚡ Hands-on control and rapid decision-making

GENERATIONAL DIFFERENCES

- LV** Founders remain highly involved even with adult successors; digitalization and modernization are often delegated to the next generation
- LT** Founders rely on intuition and networks, while younger successors introduce structured processes and technology
- TW** Successors often bring global perspectives, digital competencies, and external work experience before joining the firm



ORGANIZATIONAL RESILIENCE AND CRISIS RESPONSES

KEY RESILIENCE DRIVERS:



REPUTATION AND TRUST

Firms with strong reputations leveraged long-term relationships to maintain loyalty among customers, suppliers, and employees



FLEXIBILITY AND RAPID DECISION-MAKING

Founders were able to quickly reduce costs, shift production, diversify suppliers, or enter new markets



FINANCIAL PRUDENCE

Maintaining reserves and avoiding excessive debt contributed significantly to survival—especially in Latvia and Taiwan



EMPLOYEE LOYALTY

Taiwanese family firms excelled at treating employees as extended family, which reinforced commitment during crises

In Latvia and Lithuania, companies similarly valued their employees, though succession pressures sometimes created internal tensions.

GOVERNANCE PRACTICES AND FAMILY CONTROL



Highly informal governance structures dominate in Latvia, Lithuania, and Taiwan alike

- Strategic decisions remain with founders or senior family members
- External top managers are used sparingly
- Written policies, advisory boards, or formal governance mechanisms are rare

DIFFERENCES

LITHUANIA

Some families introduced written constitutions or shared decision-making between generations

TAIWAN

Firms increasingly consider advisory boards, especially during international expansion

LATVIA

Most governance remains informal and personal; discussions about succession are often avoided

EMOTIONAL ATTACHMENT, FAMILY IDENTITY & COMMUNITY TIES

EMOTIONAL ATTACHMENT IS A MAJOR FORCE SHAPING DECISIONS

Many founders describe the business as:

“a family legacy”

“a duty to employees”

“a continuation of the family’s name”



LATVIA AND LITHUANIA

- ✦ Emotional attachment is strongest among founders; the second generation sometimes views the business more pragmatically
- ✦ Community engagement is common—donations, cultural sponsorships, and support for social projects

TAIWAN

- ✦ Community relationships form an essential part of resilience
- ✦ Employees are often treated as “extended family,” creating a cyclical loyalty effect

SUCCESSION PRACTICES: EXPECTATIONS AND REALITIES

Succession is the most challenging and least formalized area across all three countries

COMMON PATTERNS



Successors often join gradually



Founders rarely fully withdraw—even after “retirement”



Written succession plans are almost nonexistent (especially in Latvia)



Successors bring value through modernization and external experience



Emotional barriers often prevent open succession dialogue

COUNTRY-SPECIFIC NUANCES

LV

Succession is often a taboo topic; many founders believe they are “still young” at age 60.

LT

More families experiment with family constitutions or structured transitions.

TW

Founders avoid pressuring children; gradual, respectful succession is common.

RECOMMENDATIONS

1. SUCCESSION & GOVERNANCE

- Start succession conversations early, but allow flexibility for children's interests
- Clarify family and business roles through simple written agreements
- Introduce advisory boards or family councils to support strategic decisions
- Recognize complementary strengths between generations—experience vs. innovation

2. GROWTH & RESILIENCE

- Maintain financial buffers to withstand uncertainty
- Diversify markets and suppliers to reduce vulnerability
- Invest in modernization, especially digital tools and automation
- Use crises as catalysts for new opportunities

3. PEOPLE & NEXT GENERATION DEVELOPMENT

- Encourage next-gen members to gain external experience to build credibility
- Invest in employees' long-term development, not only salaries
- Be transparent with non-family managers to maintain fairness and reduce conflict
- Nurture a positive culture rooted in family values

4. INNOVATION & OPERATIONAL EXCELLENCE

- Digitize with purpose—focus on tools that directly improve productivity and communication
- Foster a culture of continuous improvement, even in small steps
- Enable successors to lead innovation projects, supported by founder experience

5. GROWTH & RESILIENCE

- Build trust through clear communication inside the family and with employees
- Engage with community partners, reinforcing reputation and loyalty
- Use external experts when needed—legal, tax, or strategic advisors

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